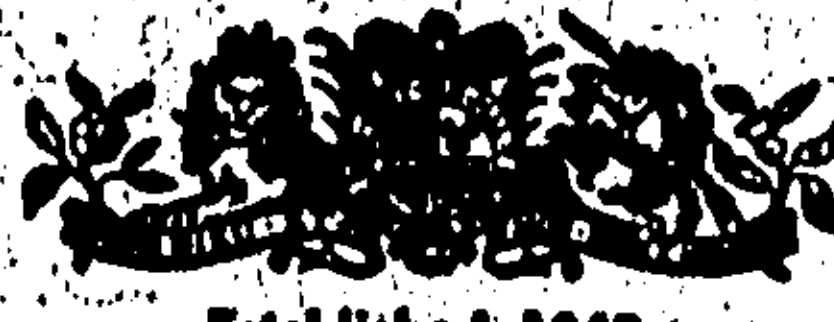


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## COMMENT OF THE DAY

### Trade With US

TWO developments this week aimed at putting the Colony's trade with America on a better footing were the departure of Hongkong's delegation to the New York world fair, and the announcement that a US Government business mission would visit us next month.

Because of its national and international prominence, New York may give the Colony's manufacturers much better results than the Washington State Trade Fair last May. This attracted chiefly buyers from the West Coast and Canada and though considerable interest was aroused by the Colony's display — the largest individual exhibition — the provincial location of the fair may have limited its appeal to American and international buyers.

THAT a big demand exists for Hongkong-made goods in America is not doubted. Not only are there big Chinese communities requiring native products but happily American people are particularly interested in traditional Chinese wares, the demand for which has been growing in recent years with the ever increasing numbers of tourists visiting this Colony. The Hongkong stand at New York therefore should not fail to attract wide interest. It is to be hoped, too, that the opportunity is taken to display Hongkong as much as its products for the Trade Fair provides an ideal opportunity to publicise the Colony to potential tourists with colour films and photographs.

ONE difficulty in the way of developing the Colony's trade with the United States, however, is the Certificate of Origin procedure and though exports of goods requiring such certificates increased last year to HK\$86 million it is undoubtedly hampering the Colony's drive to close the gap between its annual \$423.8 million imports and \$116.6 million exports to America.

Another point which requires the attention of the American authorities is the attitude of the US Government to firms trading with Communist China. The freezing of dollar accounts is bad enough but the reluctance that some firms here feel towards trading with China in goods that are not the subject of any restriction because of possible retaliation by the American Government in their trade with the United States is a position that ought to be rectified. These are perhaps matters which might be more profitably discussed between individual firms and the visiting business mission of Hongkong welcomes the wishes our delegation en route to New York success in showing this Colony's output to importers in the United States and from other parts of the world. It is to be hoped that the effect is to bring about, in the case of the visiting mission, a better understanding of American laws and business practices and new openings for American capital in this Colony, and in the case of the Hongkong delegation to New York a greater flow of trade with America.

### Beaverbrook Looks Back

Saturday's feature-packed China Mail brings you another new series — Lord Beaverbrook, Press Lord and former politician, looks back on the Lloyd George era.

Don't miss Beaverbrook's reminiscences on the Great War — it is only one of the highlights of a paper that everyone in the family likes reading throughout the week-end.

Here are some other highlights:

- ★ German Army officers rule the roost again in Paris;
- ★ Powerful US trade unions are being used as a cover for gangsters;
- ★ Gromyko — the human gramophone, by Les Armour.

There are all your regular favourites as well, including picture pages, film, book and record reviews, cartoons, comic strips, puzzles, games — all in the Saturday Mail.

A notice in today's Government Gazette calls for tenders for the exclusive right to provide a commercial broadcasting service in Hongkong.

The government's Public Relations Officer said this morning that it was proposed the licensee should maintain two separate transmissions of which one would be mainly in Chinese and one mainly in English.

The minimum period of daily programmes on each transmission would be 10 hours, and the normal close-down of the station would be midnight.

It was proposed that the duration of the licence

should be for 15 years, with a possible extension of a further five years, if Government were satisfied that the service was being satisfactorily maintained.

Subject to certain technical limitations to avoid interference with other authorised radio services, the successful tenderer will be free to choose the site of his transmitting station.

Tenders are called for within a period of three months.

The Public Relations Officer emphasised that today's announcement does not mean any change in Government's policy to-

wards continuing operation of Radio Hongkong as an official broadcasting station.

Indeed, he said, it is believed that if a commercial station should be established, Hongkong will be the first colonial territory to have two broadcasting systems — commercial and Government-sponsored — operating simultaneously.

The decision to invite applications for the establishment of a new station

for broadcasting commercially sponsored programmes, the Public Relations Officer said, stems directly from the debate in Legislative Council in February last year on the Sessional Paper "The Future of Broadcasting in Hongkong."

The Colony's Annual Report for 1956 records that, following this debate, "Government decided to abandon the principle that revenue from licence fees should cover the cost

of broadcasting," to improve Radio Hongkong's services and "to invite tenders for the operation under licence of a commercial broadcasting station, whose activities might reasonably be expected to lead to an enhanced revenue from licence fees which would help to bridge the gap between Government expenditure and revenue on Radio Hongkong."

Since the original decision to invite applications was made, considerable time

has had to be spent in formulating the detailed conditions under which a commercial broadcasting service should operate. The Government Gazette states that applicants are required to include, in their application full details of the scheme they proposed, and to include among these details:

- (a) The Royalty, expressed as a percentage of profits deriving from the service for the preceding year, which the applicant is prepared to pay.
- (b) Programme hours and languages to be used.
- (c) Brief general description of programme content

and policy:

- (d) The service area of transmission.
- (e) The site chosen by the tenderer for the broadcasting station.
- (f) The method of installing the necessary transmitting and receiving apparatus.
- (g) The time within which the service could be installed and started.
- (h) Full details of the Company itself, its Directors, Shareholders and capital assets.

In selecting the successful applicant the Government will choose the scheme which it considers will best serve the public interest.

# HK RESETTLEMENT: TIME FOR AID

## Bank Chairman's Review At Annual Meeting

The time is rapidly approaching—if it is not already here—when assistance from an outside agency will become essential for the successful resettlement of Hongkong's refugees and increasing population, stated the Hon Cedric Blaker, Chairman of the Board of Directors of the Hongkong and Shanghai Banking Corporation in his comprehensive review presented to shareholders at the Bank's annual meeting this morning.

Mr Blaker also expressed the view that voluntary limitation by the Colony's textile industrialists of cotton exports to Britain was an unworkable proposition, since there was little chance of bringing the garment-making industry, which was largely of the cottage type, into such a scheme.

Reviewing the Asia situation, Mr Blaker observed that the increase in industrial developments should not be permitted to move at such a high speed that the production of basic foodstuffs and other necessities of life were unable to keep pace.

The text of the Chairman's printed statement follows:

When our annual review was prepared last year there seemed hope that we could look forward to a slow but gradual improvement in international relations. True, many problems remained unresolved but a degree of stabilisation appeared to have been reached sufficient at least to prevent any major disturbances from breaking out. The stabilisation policy gave evidence of a change of emphasis, if not a change of heart, in Russia and the benefit of co-existence was the theme of many of her leaders' speeches while the rest of the world seemed quiet. Unfortunately these hopes were not realised and at one time during the year the world seemed very near to the calamity of a global war with all the destruction of life and treasure which such a catastrophe would have caused in this thermo-nuclear age. Dissension in eastern Europe, due to dissatisfaction with living conditions caused to a large extent by the over-concentration of resources in the production of heavy industry, resulted in reforms in Poland and an armed uprising in Hungary; and in the Middle East the nationalisation of the Suez Canal by the Egyptian Government, coupled with their deteriorating relations with the State of Israel, set in train a series of events the results of which cannot yet be foreseen. Indeed, we have to go back many years to find an issue which raised so much controversy in the United Kingdom and elsewhere as the intervention of the British and French forces in the fighting between Israel and Egypt, and the passions raised by that intervention have not yet died down. On the whole,

little pleasure can be found in looking back on the events of the past year. Some of the legacies which will be with us for some time to come, are the damage which has been done to Anglo-American relations, the closing of the Suez Canal and the difficulties which the shortage of oil has caused to the economies of western Europe; but there are many others. There is, however, a little comfort to be gained from the fact that shattering though some of the incidents were, causing as they did misery to many helpless people, the disturbances were to a great extent localised, and the fear of starting a world conflagration seemed to prevent action reaching the point of no return.

### British Economy

Economically industrial production continued to increase, although at a slower speed than in 1955, and a growing inflation of the cost of living has been a constant feature of the year. The restriction of credit began to make itself felt. In the United Kingdom the first six months showed a steady improvement in the gold and dollar reserves — evidence that the deflationary measures imposed were proving successful — but from July onwards external factors began to come into play and economic conditions were dominated by events in the Middle East which culminated in a loss of nearly £100 millions in the sterling area reserves during November. Steps taken in December to mobilise all available resources seem to have been successful in stopping this drain, and the technical position of sterling has since been greatly improved thus enabling the inherent strength of the economy to reassert itself. The stability of a currency is not, however, decided by technical considerations — important though these are in the case of sterling, in which currency such a large part of world trade is financed — and, while the short-term outlook is reassuring, it is only by a steady and substantial increase in the reserves that a permanent solution can be found. If it has done nothing else, the Suez crisis has clearly shown that the United Kingdom has been endeavouring to undertake larger responsibilities than the economy can bear. The present size of the armed forces is a case in point and recent announcements show that a determined effort is now being made to tackle this problem and this should do more than any-

thing else to reduce the level of government expenditure, the need for which has been stressed from so many platforms.

### Free Trade Area

Since the war there has been considerable support for the proposal that some form of integration of the economies of western Europe should be evolved, which, by the pooling of resources, would enable this area, with its large internal market, to compete on more equal terms with the United States and with the growing economic strength of Russia. Such an area would be immeasurably strengthened by the addition of the United Kingdom but the difficulty of combining her Commonwealth obligations with the membership of a European union has always in the past proved a stumbling block. Opinion in the United Kingdom has, however, changed and in a recent White Paper the Government recommended to the Organisation for European Economic Co-operation that, subject to reservations on agriculture, general approval be given to the creation of a "European Industrial Free Trade Area" which would associate with the European common market composed of France, Western Germany, Italy and the Benelux countries. At a meeting held in Paris shortly after the issue of this White Paper, seventeen western European nations agreed to enter into the necessary negotiations and Mr Thorncroft was appointed chief co-ordinator. In this proposed free trade area tariffs and quotas, against imports from countries within the area, will be abolished progressively over a period of years but each country will be permitted to retain its own individual tariffs against the outside world as opposed to the common market where there will be a standardised tariff with non-members. Although a number of differences have still to be ironed out, a great step forward has been taken towards the setting up of this free trade area which, if it comes into being, will be one of the most encouraging developments in world trade that has been evolved since the war.

Another important event which took place in the United Kingdom during the year, was the formal opening by Her Majesty the Queen, in October, of the world's first large-scale nuclear power station at Calder Hall. This project is a considerable achievement which not

## Colony May Enter Free Trade Zone In Europe

The British Government has sent an enquiry to Hongkong asking whether it wanted to enter the proposed European Free Trade zone, it was learned today.

So far no decision has been reached.

A London cable from Agence France-Press said Hongkong and Singapore had informed the British Government they would like to enter the European Free Trade zone.

The cable quoted "informed sources" as saying: "In the Colony today, it is generally felt that Hongkong is still considering the matter. The cable added that the newly independent African state of Ghana was also studying the possibility of joining the zone, one of the world's most important producers of cocoa."

After the decision of the six European community nations to include French, Belgium, Netherlands and Italian overseas territories in the European common market, the British government began investigating the reaction of British colonies to the scheme.

The former French protectorates of Morocco and Tunisia are also considering entering the Free Trade zone.

Pallades, New York, Mar. 14. Another earthquake in the Aleutians, almost as big as Saturday's major shock, was recorded today at the Lamont Geological Observatory of Columbia University. — China Mail Special.

## Britain Accused Of "Political Murder"

New York, Mar. 14. Greece today accused Britain of "unprecedented political murder" in executing 19-year-old Evagoras Pallikaridis in Cyprus yesterday for carrying a firearm.

The accusation was made in a note to Mr. Dag Hammarskjöld, United Nations Secretary-General, by Mr. Christian Palamas, the Greek permanent representative.

He also said Britain was making "a new challenge to the United Nations and, in particular, to all those who in good faith advocated moderation and restraint as a path to a constructive approach to the Cyprus crisis."

ENLARGING GULF. Mr. Palamas described the execution as "a new desperate attempt to enlarge the gulf separating the people of Cyprus from the colonial administration in order to prevent any peace-making conducted to the negotiations indicated in the relative resolution of the General Assembly."

This was a reference to the Assembly's adoption on February 26 of a resolution expressing "the earnest desire that a peaceful, democratic and just solution will be found in accord with the principles and purposes of the charter of the United Nations and the hope that negotiations will be resumed and continued to this end."

### Death Toll Now 22

London, Mar. 14. Altogether 22 persons were now known to have perished in the air disaster at Ringway airport, Manchester, where a four-engined Viscount transport plane crashed earlier today. All 20 passengers and crew of the aircraft were killed, together with a woman and her child, who were buried beneath the ruins of a house which the plane struck as it crashed. — Franco-Press.

## LAST-MINUTE EFFORT TO AVERT STRIKE

London, Mar. 14. The British Minister of Labour Mr. Ian Maudslay, made last minute efforts here today to avoid a strike for a ten per cent wage increase by 200,000 shipyard workers. The strike, scheduled for tomorrow, threatened to spread to 2,500,000 engineering workers.

The employers have agreed to accept the Ministry of Labour arbitration provided the strike is called off. Union leaders, although refusing arbitration on the 10 per cent increase, have agreed to meet the head of the Ministry of Labour's arbitration committee.

This meeting, scheduled for tomorrow morning, was considered as likely to be decisive. — Franco-Press.



### Profile of Spring

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This greatness is firmly rooted in the utter reality of Tolstoy's people. In *WAR AND PEACE*, you'll experience a young man's first taste of battle, a young girl's first taste of love, a young man's first taste of death, and a man's first taste of old age.

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"DESERVES EVERY WORD OF PRAISE!"  
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# War and Peace

GASSMAN LON MONROE EBERG MILLS DRU DELAUNTES KING VIDOR  
This picture will NOT be shown again in the Colony within 6 months after the first showing.

## QUEEN'S & ALHAMBRA

SHOWING TO-DAY

Filmed in MEGASCOPE

SPACE MEN OF THE SEA!

THE  
SILENT WORLD  
TECHNICOLOR

COMING  
SOON

A Masterpiece of Suspense & Excitement!  
"THE FIENDS"  
Directed by the "HITCHCOCK" of France!

## STAR METROPOLE

GRAND OPENING TO-DAY  
AT 2.30, 5.30, 7.30 & 9.30 P.M.



STAR: 5 SHOWS TO-MORROW & ON SUN., 17th MAR.  
EXTRA PERFORMANCE OF "BANDIDO" At 12.30 p.m.

## CAPITOL RITZ

SHOWING TO-DAY  
AT 2.30, 5.30, 7.30 & 9.30 P.M.

PARAMOUNT PRESENTS  
SPENCER TRACY  
ROBERT WAGNER  
CLAIRE TREVOR  
Produced and Directed by EDWARD DMYTRY  
TECHNICOLOR  
Screenplay by DONALD CRISP  
Based on the novel by Noel Coward

THE  
MOUNTAIN  
Adapted, Screenplay and  
Directed by EDWARD DMYTRY  
VISTA VISION  
Color by De Luxe

CAPITOL  
NECK ORANGE  
Jeff Chandler in  
"TOY TIGER"

RITZ  
Next Change  
SOPHIA LOREN in  
"WOMAN OF THE RIVER"

# MINOR MODIFICATIONS TO SINGAPORE PROPOSALS

Windmill's 25th Anniversary



Curvaceous Windmill girl, Wendy Clarke, dancing with John Law in "Mexican Mood", one of the colourful scenes from the 25th anniversary show of this well-known London theatre.—Central Press Photo.

## Bevan Urges Support For Ben-Gurion

London, Mar. 14.

Mr Aneurin Bevan, Labour's chief spokesman on foreign affairs, said in the House of Commons today that both sides of the House expected to see that Israel's "act of courageous faith" (in withdrawing from the Gaza strip) did not go unrequited.

Amid cheers he went on: "It would be appalling if Mr Ben-Gurion (Israel's Prime Minister), who took his political life in his hands in persuading his countrymen to retreat, found himself faced with what could only be described as an act of faithlessness on the part of those who persuaded him to do what he did."

### Best Thing

Egypt ought to be grateful to the United Nations. She should therefore be prepared to co-operate to the utmost to maintain peace in the Gaza strip.

"The ball is in Egypt's court," he said. "We now have to wait to see what she will do. The best thing is for us to expect her to behave herself."

Mr Bevan said it would be "unforgivable" if there were interference with shipping in the Gulf of Aqaba.

He suggested civil shipping should be sent into the Gulf as quickly as possible to assert the right of maritime nations to passage.

As for the Suez Canal, if Israel sent shipping through and it was stopped, Egypt would be using the Canal for political purposes.

"Therefore we would expect that the Canal should be free for passage," he added.

### Element Still There

Mr Bevan said he did not agree with Mr Lloyd that prospects of war had receded in the area.

"I wish I could take the view that because we are in the immediate aftermath of a piece of

folly, similar folly will not be repeated," he said.

All the elements that led to the previous outbreak were still there, he added.—Reuter.

## The Monkey That Flew In Battle Of Britain

London, Mar. 14.  
A FADED picture of a monkey that flew on 250 Battle of Britain operations has been given to the Queen Mother.

It was shown to her by 47-year-old Flight Lieut. John Booth at a Guildhall reception for three squadrons of weekend flyers now being disbanded.

As the Queen Mother was introduced to Flight Lieut. Booth he pulled the picture from an inside pocket and said:

"I wonder if you would be interested in this, your Majesty?"

### BROKEN HEART

It showed his pet African monkey Minnie. Mr Booth, of 600 City of London Squadron, Royal Auxiliary Air Force—and now representing a firm of sports ground equipment manufacturers—told the Queen Mother that Minnie had been his mascot.

He said: "Minnie always snored enemy planes and made a warning noise long before I knew of their presence. I would never take off without her, nor she without me."

"When I was suddenly moved from my Manston aerodrome she couldn't come with me for a few days and she died of a broken heart."

London, Mar. 14.  
Minor modifications only have been made to British constitutional proposals already accepted in principle by Singapore, well informed sources close to constitutional talks here said today.

The sources said no concessions of substance had been made when about 15 proposals made by Britain at previous constitutional talks which failed last May were approved yesterday. About another eight proposals made by Britain at the same time still remain to be discussed.

The sources said the modifications made in the proposals adopted yesterday were mainly slight changes in the draft text. One was the Chief Minister of an internally self-governed Singapore should be known as "Prime Minister."

### INTERNAL SECURITY

The talks, begun on Monday, now turn to the more controversial British proposals like those on internal security of the island.

The agreed proposals deal with such matters as replacement of certain Colonial Office officials by elected ministers and abolition of ex-officio and nominated membership of the Legislative Assembly.

The sources said that the Singapore delegation's suggestion that a fully elected Legislative Assembly should have 51 and not 50 members and that its Speaker should be elected was agreed.

In formally adopting the proposals that had already been accepted in principle, the conference reached full agreement on item 1 of its seven-point agenda.

### SECOND POINT

Today it will take up the second agenda point which is the critical question of the internal security of Singapore, which is Britain's largest naval base in the Far East.

The Singapore delegation, led by the Chief Minister, Mr Lim Yew Hock, is now putting a compromise formula on re-presentation.

It is suggested that the Council should have three representatives each from Britain and Singapore and a Minister of the Malayan Federation. This would give the casting vote to the Federation representative.

The visiting delegation is understood to be hopeful that its proposal to end the deadlock will be acceptable to Mr Alan Lennox-Boyd, the British Colonial Secretary, who is presiding over the conference.

### DECISIONS BINDING

The Singapore proposal makes it clear that internal security will be within the province and powers of the Singapore Government. But it states that matters in dispute affecting the island's internal security which bears on Britain in relation to external defence, the external affairs can now be submitted by either side to the Security Council.

A vote of the Council would only be taken when such a situation arose, and the Council's decisions would be binding on all parties.—Reuter.

## Italian Government Wins Confidence Vote

Rome, Mar. 14.

ITALY'S coalition Government, which has been facing an internal crisis, won a vote of confidence in the Senate today by a comfortable margin.

It received 118 votes to 80 against. Sixteen senators abstained.

The vote was taken after a debate on the nomination of a right-wing Christian Democrat, Professor Antonio Togni, representative of commercial and industrial interests, to head a ministry newly set up to control Italy's nationalised and semi-nationalised industries. Right-wing Monarchists and Neo-Fascists abstained from

## MEXICAN DEMAND FOR US ISLANDS

Mexico City, Mar. 14.

The Mexican Supreme Court had under study today a petition demanding the return to this country of nine islands off the coast of California, now under United States jurisdiction.

The petition, signed by four private individuals, states that the islands of Farallones, San Miguel, Santa Rosa, Santa Cruz, Anacapa, Santa Catalina, Santa Barbara, San Nicolas and San Clemente were recognised as belonging to Mexico when this country won its independence from Spain.

One of the 21 justices of the Supreme Court was assigned to study the petition and report to the court.

### LACK STANDING

Legal circles here said, however, that the petitioners appeared to lack the proper judicial standing to initiate the action before the court and opined that the petition would "in all probability" be turned down.

The Farallones islands are off the Golden Gate and are part of the city and county of San Francisco. All the other islands listed are off the coast of southern California, between Santa Barbara and San Diego.—United Press.

## KASHMIR ISSUE

### India Willing To Talk

Karachi, Mar. 14.

The Indian Government is prepared to discuss the Kashmir issue with Gunnar Jarring, United Nations representative appointed to investigate the question, on March 23, it was authoritatively learned here today.

A message from the Indian Government to this effect was handed to Jarring on his arrival here today, by the Indian Deputy High Commissioner, D. N. Chatterjee, authoritative sources said.

Shortly after his arrival, Jarring had a half-hour talk with Pakistani President, Iskander Mirza. He is to see Premier H.S. Suhrawardy, tomorrow.—France-Press.

## FOX & BROADWAY

★ FINAL SHOWING TO-DAY ★  
PLEASE NOTE CHANGE OF TIMES:  
AT 2.30, 5.20, 7.30 & 9.40 P.M.

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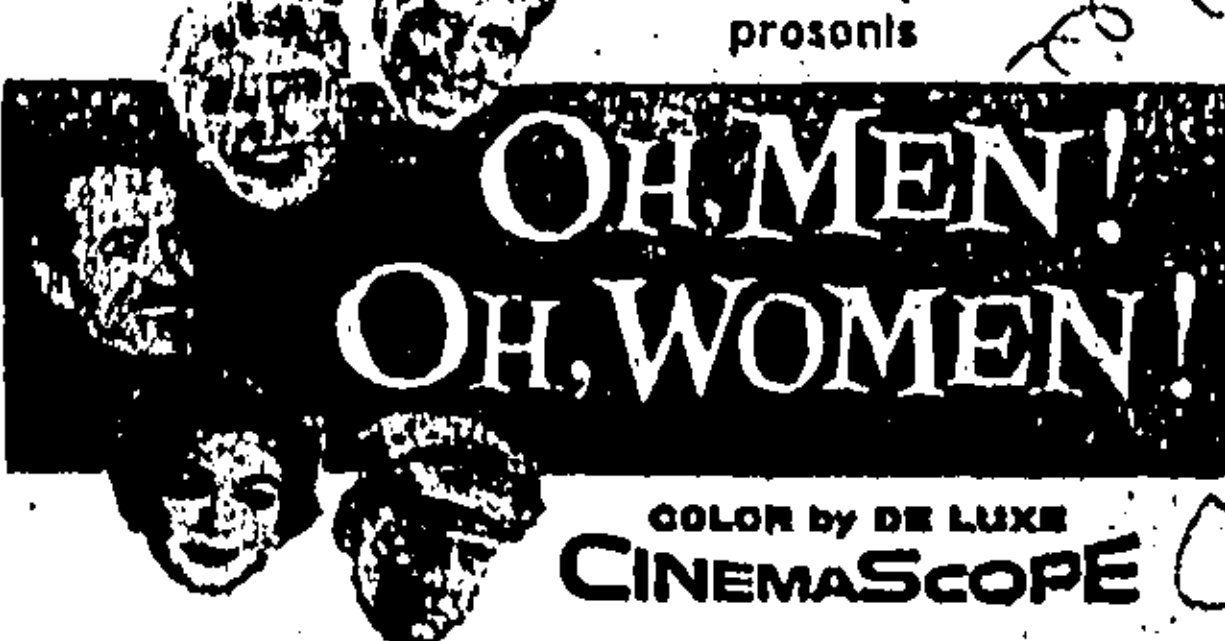
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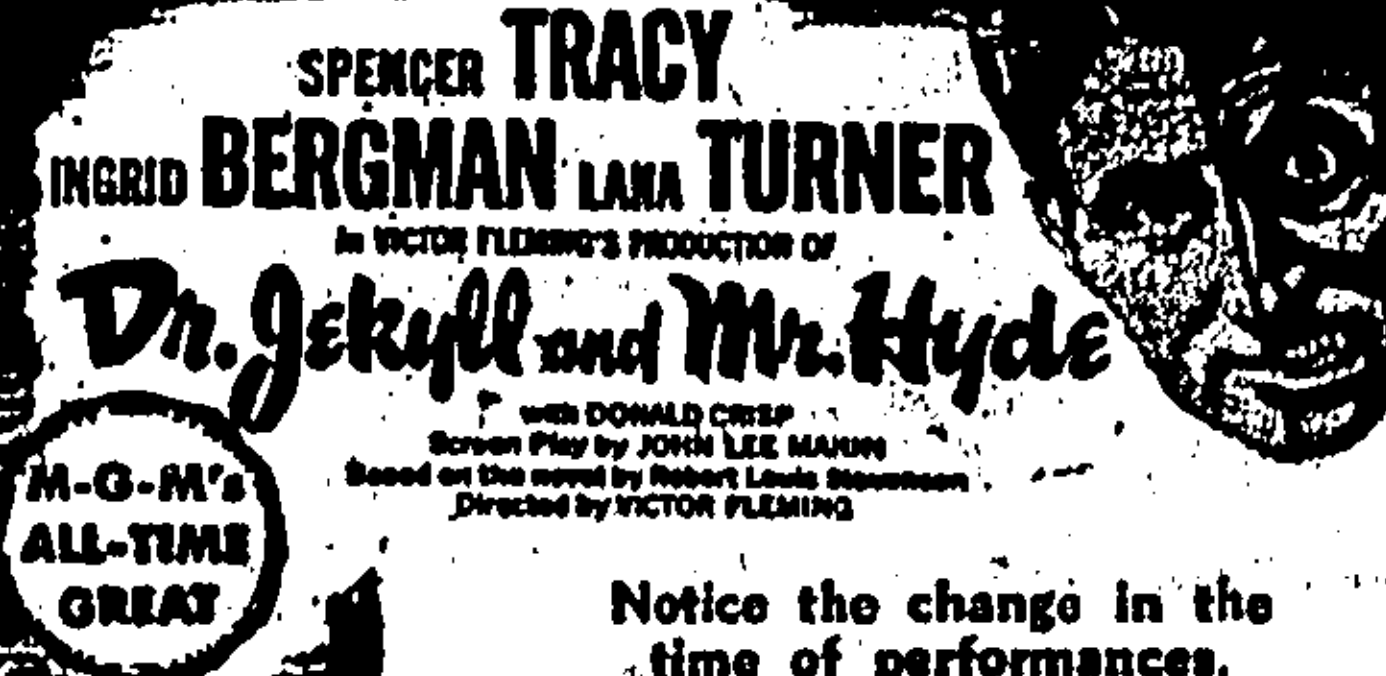
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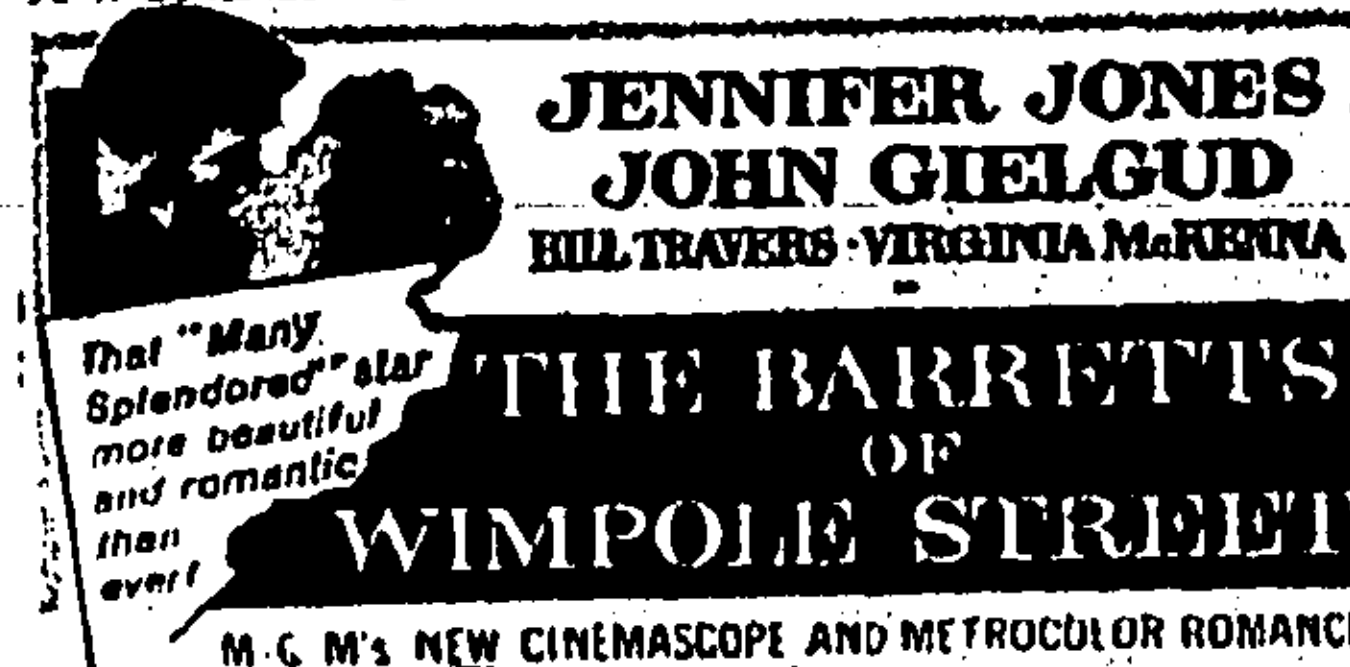
HALF-MAN! HALF-MONSTER!  
When darkness came, strange desires awoke in his soul!



Notice the change in the time of performances.

## STARTS TO-MORROW

A WONDERFUL LOVE DEFIES ALL OBSTACLES!



## ORIENTAL MAJESTIC

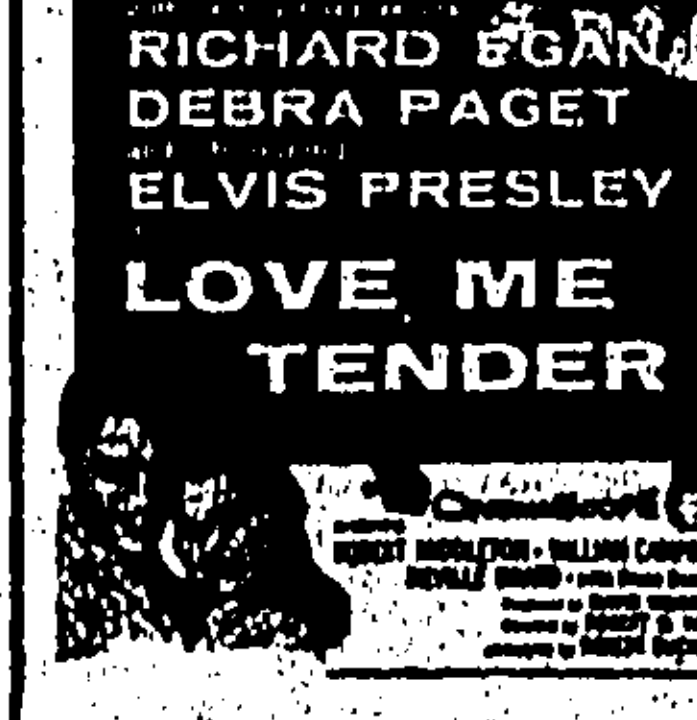
SHOWING TO-DAY  
AT 2.30, 5.30, 7.30 & 9.30 P.M.

COMMENCING TO-DAY  
AT 2.30, 5.20, 7.30 & 9.30 P.M.

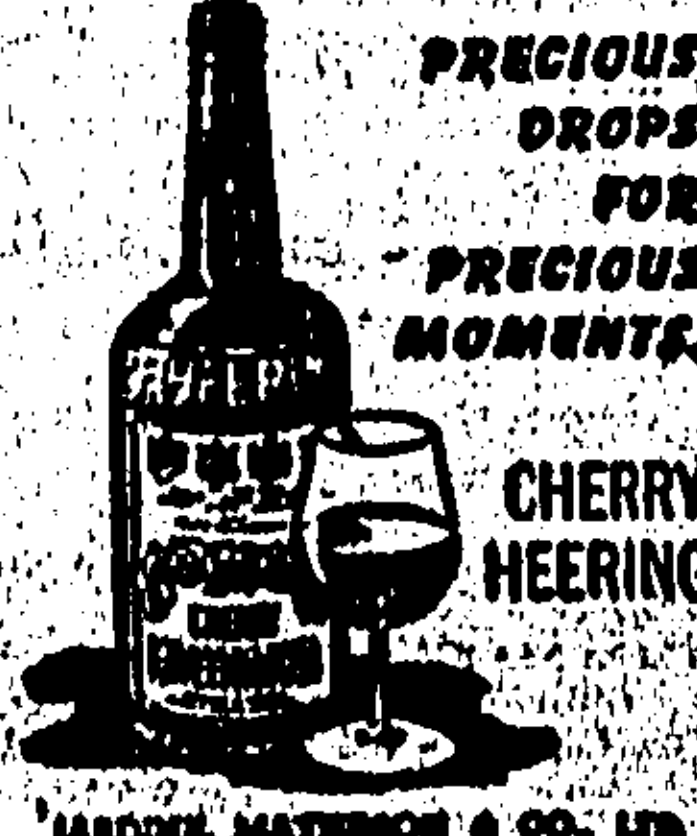
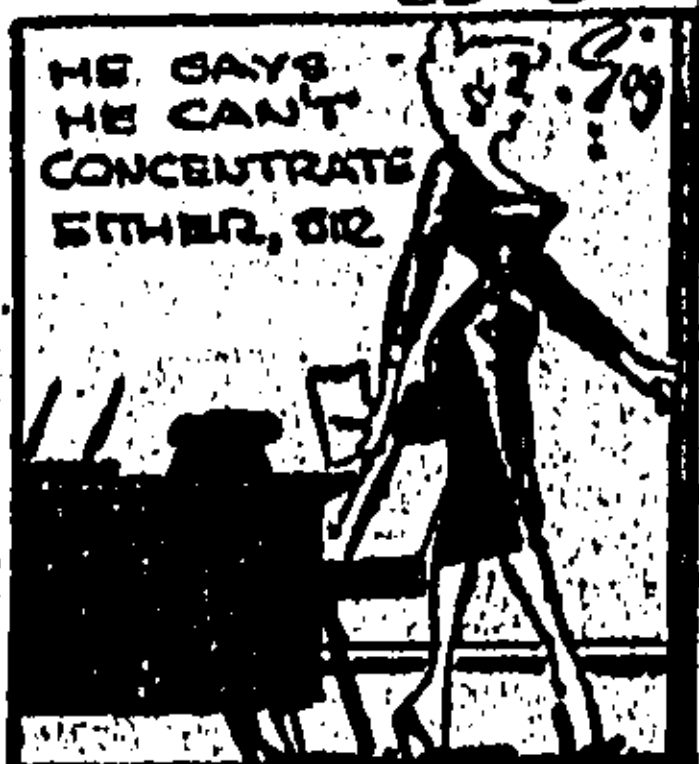
THE MOST JOYOUS EVENT!  
Story from the Prize-winning Stage Comedy Hit!



FAMED PLAY HILARIOUS ON THE SCREEN!



### POP





# Lebanon Accepts Eisenhower

## Doctrine AMERICA ASKS FOR SUPPRESSION OF COMMUNISM

Beirut, Mar. 14.

Lebanon today accepted the Eisenhower Middle East doctrine, a well-informed source stated here. The source said that President Camille Chamoun informed James Richards, President Eisenhower's special envoy, that Lebanon would accept, after Richards had made a statement on American policy at a conference attended by Foreign Minister Charles Malik and United States Ambassador Donald Heath.

Richards, who arrived here today explained that the new American policy for the Middle East aimed exclusively at preventing Communist infiltration in the area and at safeguarding peace by helping countries in need of aid.

Chamoun, informed sources said, told him that Lebanon would definitely agree to co-operate with the United States on the basis of the Eisenhower doctrine.

### DETAILS TOMORROW

Conversations are to be resumed tomorrow on details of American financial assistance and other aspects of the implementation of the American plan.

Richards has not brought a new American plan for the settlement of Middle East problems, the President of the Lebanese Chamber, Abdel Omeir, said.

The United States has not asked for bases in Lebanon, no added.

### GREAT MISTAKE

Omeir said the press that he had explained to Richards that the great mistake made by the big powers, including the United States, had been to set up the state of Israel.

The hostility of the Arab states towards the Western powers could only be stopped by putting an end to Israeli aggression and implementing United Nations resolutions, he told Richards.

Omeir said he told Richards that the Lebanon

would only accept the Eisenhower Middle East doctrine so long as it was unconditional and allowed her to maintain her sovereignty.

Well-informed sources said that American aid to the Lebanon would be granted only on condition that communism was suppressed and promises made that no aggression against Israel would occur. —France-Press.

## Salvage Work Proceeding On Tug

Ismailia, Mar. 14. Three salvage ships of a Dutch team were at work today on the wreck of the tug, Edgar Bonnet, the last obstacle to ships of up to 10,000 tons navigating the Suez Canal.

The Dutch experts were placing hawsers around the wreck, while two other United Nations salvage craft towed pontoons and a compressor from Port Said for the lifting operation.

A United Nations spokesman said that only four weeks remain in Port Said harbour.

United Nations salvage teams are still awaiting the removal of explosives aboard the Egyptian frigate, Aboukir, which was sunk north of Suez harbour.

The Canal is due to be opened for all ships by April 10—five weeks ahead of schedule. —China Mail Special.

## Budapest Alerted For Trouble

Budapest, Mar. 14. More police and militia-men tonight joined the hundreds already patrolling all the main streets of Budapest to add to the warlike appearance of the capital.

Lorryloads of armed troops, carrying and chanting pro-government slogans, drove through the city as Communist leaders gathered in Budapest open house for a gala celebration in honour of tomorrow's anniversary of the outbreak of the 1948 Hungarian revolution.

Militiamen with sub-machine guns slung ready on their hips, patrolled continuously around a statue of Sandor Petoefi, poet-leader of the 1948 uprising, where government opponents were reported to have planned a demonstration against the regime.

But no incidents had been reported in the city by this evening.

### BITTER FIGHTING

In the industrial suburb of Csepel, scene of bitter fighting during last year's Hungarian rising and strike riots, two armoured cars stood in front of the post office.

Men of the newly-formed workers' guard, in blue caps and overalls, were on duty in the streets with police and militia.

Soviet troops took no part in patrolling the capital, but two armoured cars manned by steel-helmeted Russians were parked outside a Russian headquarters this afternoon.

Another truckload of armed and steel-helmeted Soviet troops was seen elsewhere in the city. —China Mail Special.

## Search For Buried Treasure

Kuala Lumpur, Mar. 14. Workmen are digging near Teluk Anson, trying to recover gold and jewellery buried during the Japanese occupation of Malaya.

They have been digging for more than a fortnight in a big area, surrounded by an eight-foot-high fence at the mouth of the Perak River.

The Perak State Government has granted a permit to dig for valuables to Mr Chin Swee Onn, a Malayan lawyer, acting for a Singapore businessman.

Newspaper reports said sources in Japan were believed to have contacted the businessman and given details of where to dig and for what.

An armed police squad stood by a hole for several hours one night recently when diggers thought they had made a find. —Reuters.

## Queen's Wreath For Tomb

Paris, Mar. 14. A wreath, over two yards in diameter, made of 90 dozen red and white carnations and blue cornflowers has been ordered by the British Embassy in Paris as Queen Elizabeth's homage to the tomb of the Unknown Warrior during her visit to Paris next month. It was learned today.

The Queen and Prince Philip will pay tribute at the shrine at the Arc de Triomphe on April 8, along with Commonwealth ambassadors, officers of SHAPE headquarters and allied troops. —France-Press.

### Italian Strikes

Rome, Mar. 14. A nationwide strike of public transport workers, numbering about 120,000, was called for March 28 by Italian unions of all political tendencies today.

The strike was called to back up demands for higher wages. Meanwhile, 20,000 employees of the state monopolies today joined the 100,000 already striking workers in state-controlled institutions and offices. —France-Press.



## Disarmament Talks RUSSIA MAY BE PREPARED TO DO BUSINESS

By JOHN EARLE

London, Mar. 14. An air of moderate optimism prevailed in diplomatic quarters here today as the four Western delegates assembled for next Monday's Five-Power discussions in the United Nations Subcommittee on Disarmament.

Only the Soviet representative, Mr. Valerian Zorin, a Deputy Foreign Minister, has yet to arrive before the British Foreign Secretary, Mr. Selwyn Lloyd, opens the Subcommittee's meeting on Monday after an interval of 10 months.

Mr. Harold Stassen, President Eisenhower's special disarmament adviser, and M. Jules Moch, of France, came today, while Canada's ambassador in Moscow, Mr. David M. Johnson, arrived earlier this week.

### Grounds For Hope

After the opening session Britain will be represented by Commander Allan Nobel, Minister of State at the Foreign Office.

The four Westerners are to hold preliminary discussions before the conference opens.

It was felt today that, judging by the latest Soviet attitude, there were grounds for hope of some progress being made in this major international problem which has defied solution since the war.

The scheduled composition of the Soviet delegation appeared to indicate that the Russians were bringing military and technical experts, with the aim of doing business, not merely making propaganda.

If that proved to be so, it was thought that the conference, which has numerous proposals to study, might split into working groups and last till late April.

Under the instructions from the United Nations General Assembly, the subcommittee has to report back by August 1.

### Four Proposals

Four of the main proposals to come up for discussion are as follows.

★ 1. A five-point United States proposal made on January 14. This calls for the stockpiling exclusively for peaceful purposes of fissile materials under international supervision, and for a first stage reduction of conventional forces to the level of 2,500,000 men for the United States and Soviet Union, and 750,000 men each for Britain and France.

Britain, it was understood, would support the United States' plan as a flexible basis of discussion.

★ 2. A seven-point Soviet plan of November 17, 1956. Among its features are the immediate termination of all atomic and hydrogen weapon tests, and a reduction in the conventional forces of the United States, Soviet Union and China to 1,500,000 each, and of those of Britain and France to 650,000 men each.

It was expected that Western delegates would ask for clarification of several points in the Soviet plan.

★ 3. An Anglo-French proposal, made in 1954 and revived in March 1956, providing a comprehensive plan for disarmament in conventional

## INSURANCE BAN ON AMERICANS

London, Mar. 14. American drivers—mostly members of the U.S. forces—are being driven off British roads because they cannot afford to insure their cars.

Hundreds are selling or storing their vehicles until they are due to return home because British insurance companies have refused to accept them.

The few remaining sources, sponsored by American companies, are imposing prohibitive premiums.

For minimum legal coverage cost is higher than the value of the cars.

Before the ban, British companies had rocketed their premiums to as much as 200 per cent more than for British drivers.

### MOUNTING CLAIMS

But even this made it unprofitable because of mounting claims.

An insurance broker said yesterday: "Main reason for the ban is the cost of repairs, especially for large American cars."

At Preswick's American base a US officer said: "We are aware of this situation, but so far our own accident rate has been quite satisfactory."

"But many of our men can no longer put their cars on the road because of this serious insurance premium question."

Meanwhile, army spokesmen said that order had been re-established in Havana and that calm reigned throughout the country.

They said that arrests and investigations were continuing. —France-Press.

## MAJOR STORM THREATENS US BUDGET SPENDING

By JOHN HEFFERNAN

Washington, Mar. 14. PRESIDENT Eisenhower, who calls today for his Bermuda talks with Mr. Harold Macmillan, the British Prime Minister, will soon face a big political fight at home on the issue of reducing his record peacetime budget of \$71,800,000,000.

The opposition Democratic Party is demanding that the President advise Congress where the budget can be cut. Members of the President's own Republican Party are calling for reductions in Federal spending, and the expected attack on Mr. Eisenhower's recommended appropriation of \$4,200,000,000 for foreign aid has already opened

representatives, who hold the purse strings, are very conscious of the fact that they will be up again for election in the autumn of 1958.

They would like to be on record as having brought about a tax reduction by next year.

According to one political observer, foreign aid is "the probable, almost the inevitable victim of the economy fever."

The President yesterday reiterated his belief that foreign aid was one of the cheapest ways there was of ensuring the peace of the world.

Whether the controversy will develop into a political struggle, is not yet certain, but action by the Democratic-controlled House of

Representatives pointed in that direction.

They voted in a preliminary way to cut \$4,500,000 or 28 per cent from the appropriation of the President's own executive branch of the Government.

The Wall Street Journal, reporting the findings of a poll it conducted, said today: "Important Republicans in and out of Congress are demanding reductions in Federal spending."

Republican Party leaders now also up the spending-tax issue as the biggest domestic question facing voters."

The Journal said President Eisenhower's "sharp swing toward liberalism" has shaken loose his vast army of "conservative" voters. —China Mail Special.

Washington, Mar. 14. "Mr. Dulles seems to have contracted another case of hoof-and-mouth disease. His new lecture to neutrals in Asia is unlikely to produce many converts to his cause," the Washington Post and Times Herald wrote today in a leading article on the SEATO meeting.

The liberal daily went on to ask: "What are the neutral countries of Asia?"

"Well, the major ones include Afghanistan, India, Ceylon, Burma, Indonesia, Vietnam, Cambodia and Laos."

"Afghanistan lies athwart both the Soviet and Chinese borders."

India Not Moved

"India will not be moved by moralising."

"Ceylon and Burma have made plain their dislike of communism, but for reasons of proximity and trade they deal with Communist China."

"Vietnam, Cambodia and Laos are prohibited by the Geneva armistice from entering military alliances (although the orientation of the latter two sometimes has seemed to waver)."

"Indonesia is preoccupied with internal troubles."

"Then what country was Mr. Dulles talking about? Nepal?"

"Neutrality certainly is not something to be encouraged but it is at least understandable in newly independent countries on the periphery of China," the paper went on.

"Mr. Dulles boxed himself in with his flat assertion that the United States will continue to oppose recognition of Communist China and the seating of the Peking regime in the United Nations."

Unrealistic

"These remarks seemed more calculated to impress Senator Knowland than the SEATO allies, some of which already recognise China."

"If this is the yardstick by which neutrality and friendliness are to be tested, it is a pretty unrealistic measure."

"At least the Secretary can be sure of one thing: his strictures won't produce more neutralism toward Mr. Dulles."

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IRAQ OIL  
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Baghdad, Mar. 14. The Iraq Petroleum Company announced today that the first delivery of crude oil from Iraq's Kirkuk fields since pipeline operations were cut in the recent fighting in the Lebanon port of Tripoli at 0845 GMT today.

The first deliveries to the Syrian port of Banias began on Tuesday and the first tanker is due to start loading today.

An IPC said oil was at present being pumped at an annual rate of 9,500,000 tons compared to 7,500,000 tons when pumping was resumed from Kirkuk on Monday.

In Damascus, another IPC spokesman said the French tanker Aramis was expected to leave Banias tomorrow for Europe with 25,000 tons of oil.

Loading operations at Banias and Tripoli would now take place almost daily, he added. —United Press.

Reds Accused  
Of Havana  
Attack

Havana, Mar. 14. Communists organised yesterday's attack against the presidential palace in Havana, an official communique stated today.

The Communists were aided by persons favourable to the former Cuban President, Prio Socarras, and revolutionary leader, Fidel Castro, the communique said.

Meanwhile, army spokesmen said that order had been re-established in Havana and that calm reigned throughout the country.

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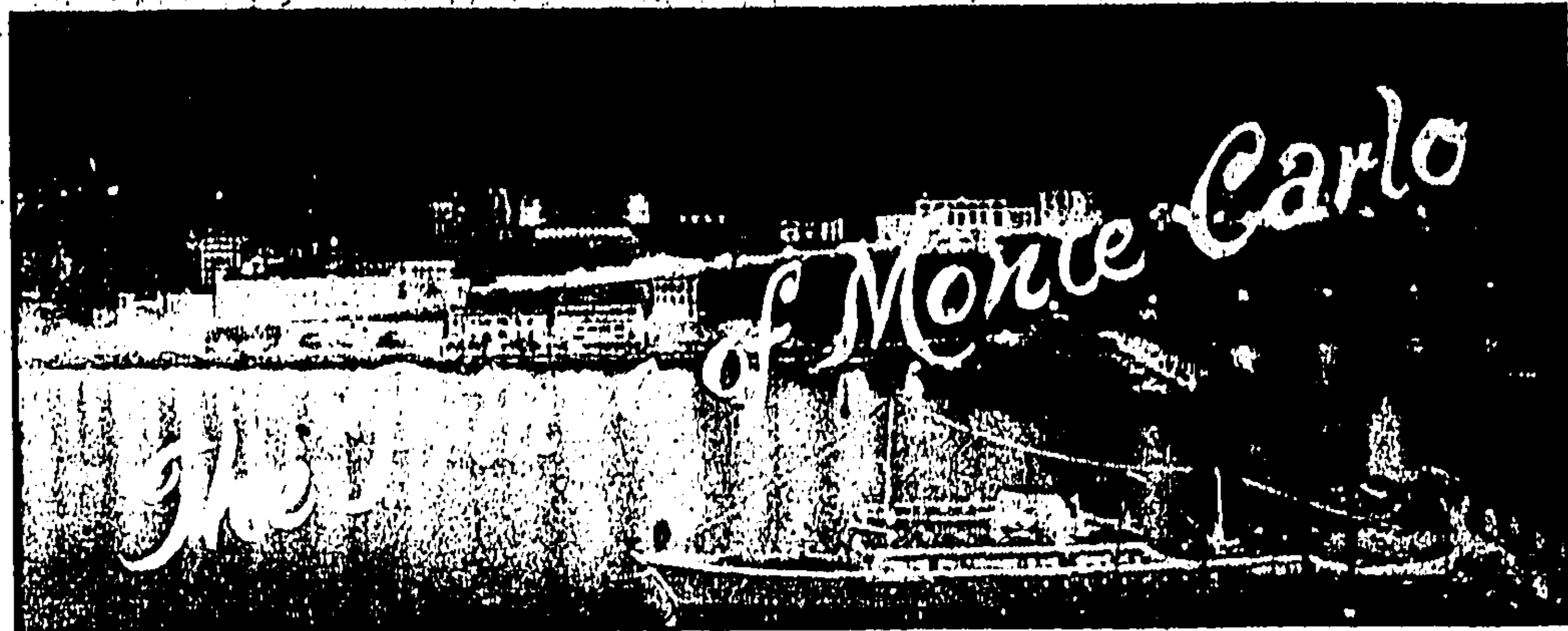
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## True Love and Tragedy— the tale of Gisele Pascal

**W**OULD he, would he not marry her? All Monegasques had a vested interest in their Prince's matrimonial plans. A 1918 Treaty with France ensured that if one day Monaco should find itself without a Grimaldi Prince, the Principality would revert to the Republic once and for all. A Rainier unmarried and without heirs meant eventually income tax, conscription, French politics, possibly even a milk-drinking campaign. It was a thought which no true-born Monegasque could face without trembling. One of them once said, "Reverting to France" in three months we should be nothing more than a third-rate French provincial town.

A reporter once asked Rainier point-blank what his plans for marriage were. The Prince looked him straight in the eye and replied, "I have no intention of marrying anyone right now." Another time, the Riviera correspondent of a Paris newspaper was tipped that the Prince and Gisele would be spending the day hiking in the Alps, about thirty miles from Monte Carlo. He followed them in his car, found their own red sports coupe stopped by a small wayside restaurant and, being told that they had gone for a walk, he summoned up all his courage and followed them on foot. An hour later, he came across a young couple resting on a bare hilltop, both were in shorts and both wore sunshades. The reporter knelt down beside them, gasping, "I don't care if I never do see the Prince of Monaco and his girl friend." Then, as he nursed his swollen city feet he asked the young man, "If you were he, would you marry Gisele?" The young man thought

for a moment and replied, "She is very lovely, isn't she? I believe I would know. . . . If I wasn't already in love with someone else."

Driving back to Monte Carlo an hour later in his car, the reporter was passed by a flashing red sports car. Inside were his two friends from the mountain top waving at him gaily.

More than once, however, Rainier's attachment for Gisele turned out to be embarrassing. A Monte Carlo shopkeeper who usually showed an official photograph of Rainier in his window once joined to it a picture of Gisele Pascal. Within three hours, a police official arrived at the shop and asked for the picture to be taken out,

discovered a plot against his authority. Princess Antoinette, now separated from her tennis player and left with three children, was apparently anxious to have her children adopted by the Prince and placed in the line of succession to the Throne. Her friends acted on her behalf a little unwisely and when the manoeuvre was discovered, Monaco's strong loyalty to the Prince became uppermost.

Monaco wanted Rainier on the Throne but it also wanted a Princess by his side. By the autumn 1954, the marriage question became the number-one topic of conversation everywhere in the Principality. Strangely enough, it was at this time that the man who was, in

shell which, in the form of Father Francis Tucker, now exploded upon Monte Carlo. In their long history, the Monegasques had known many an odd religious figure, but never one quite like the man they came to call Père Tockaire.

All their priests had always worn the usual round black hats and long cassocks of the European clergy. Tucker, a small, wise energetic man wore a simple clerical suit and when he was urgently reproved about this he got up in the pulpit and said:

"I understand some people are worried about the kind of clothes I wear. I tried very hard to wear a cassock to please my congregation. If you want to

**They met by chance. He sat on a public bench to watch the shooting of a film sequence. She, the star, came and sat beside him and said how dull Monte Carlo was. They talked about "the old fogy in the Castle". At the Opera that night she found that she had been talking to the Prince. Their friendship blossomed. They became inseparable. She was the only love of his life. Now read on—the tale of Monte Carlo by**

**RENE LECLER**

saying "It would not be seemly for the name of the Sovereign Prince to be linked with that of any particular lady."

Two days later the shopkeeper revealed an entirely different and novel display. In the centre stood a large informal picture of the Prince with his chin in his hand looking at dozens of pictures of all the young ladies he had ever known ranging from childhood friends to Hollywood film stars. This time the laugh was on his. Scarcely a day went by without crowds of locals and tourists filed past the window.

Rainier's personal popularity was saved by an entirely fortuitous coincidence: a friend

future, to exert the strongest influence on the Prince entered the Monte Carlo scene.

A tradition held that the vicar of the city's St. Charles Church should be the Palace Chaplain and for two years the post had been vacant. French interest naturally desired to see a French priest nominated for it. Many Monegasques who speak a mixture of Italian and French believed that it should be an Italian.

Rainier himself finally settled the argument by asking the Pope in a private letter to appoint an American priest. But the Prince could not have expected the sort of human bomb-

get rid of me, all you have to do is to force me to wear one. . . . I shall surely break my neck.

All this spoken in a French rich, transatlantic accent. Rainier, the closest of friends. Twice a week the priest lunched at the Palace and often took along some interesting visitors he wanted the Prince to meet. On his side, Rainier often strolled down to the St. Charles vicarage for a chat and a glass of Father Tucker's bourbon. He never took an important decision without consulting his Chaplain.

He had need of help because the marriage question was becoming acute. At 32, he was still single and he had known the beautiful Gisele for over five years. Would he, or wouldn't he, marry her? All of a sudden the problem was resolved for him: he couldn't. People discovered the fact that Gisele Pascal was unable to have children. Like wildfire the news spread across the Principality; in the eyes of most Monegasques, the actress could not have committed a worse crime had she robbed the Prince. Rainier was in a desperate dilemma. Gisele was the only girl he had ever loved and in her company he felt completely at ease and free. He wanted to marry her. He also knew that his duty to his people was to produce an heir.

One day in September 1954, he took Father Tucker to lunch at the Villa Iberia. Later, as they were driving back to Monte Carlo, he eyed the Chaplain out of the corner of his eye, half afraid of him. The priest said nothing. Finally Rainier asked: "Well, what do you think of Mlle. Pascal, Father?" Father Tucker's brow puckered.

"A really charming girl," he replied. "Quite a personality. To tell you the truth, Your Highness, I wouldn't mind marrying her myself."

"Marry her? What are you talking about?" Rainier blurted out. "You can't marry her, you are a priest."

"Well, you are a Prince, Your Highness and you can't marry her either. You know that."

A week later, Gisele Pascal left the Villa Iberia and Rainier shut himself up for a time in his Palace. A Palace servant reported that the Prince spent hours with his famous collection of toy soldiers, many of which had been gifts from the French actress. Then he took to spending entire days at the Villa, now empty and silent.

**MONDAY**

A Prince is haunted by marriageable women



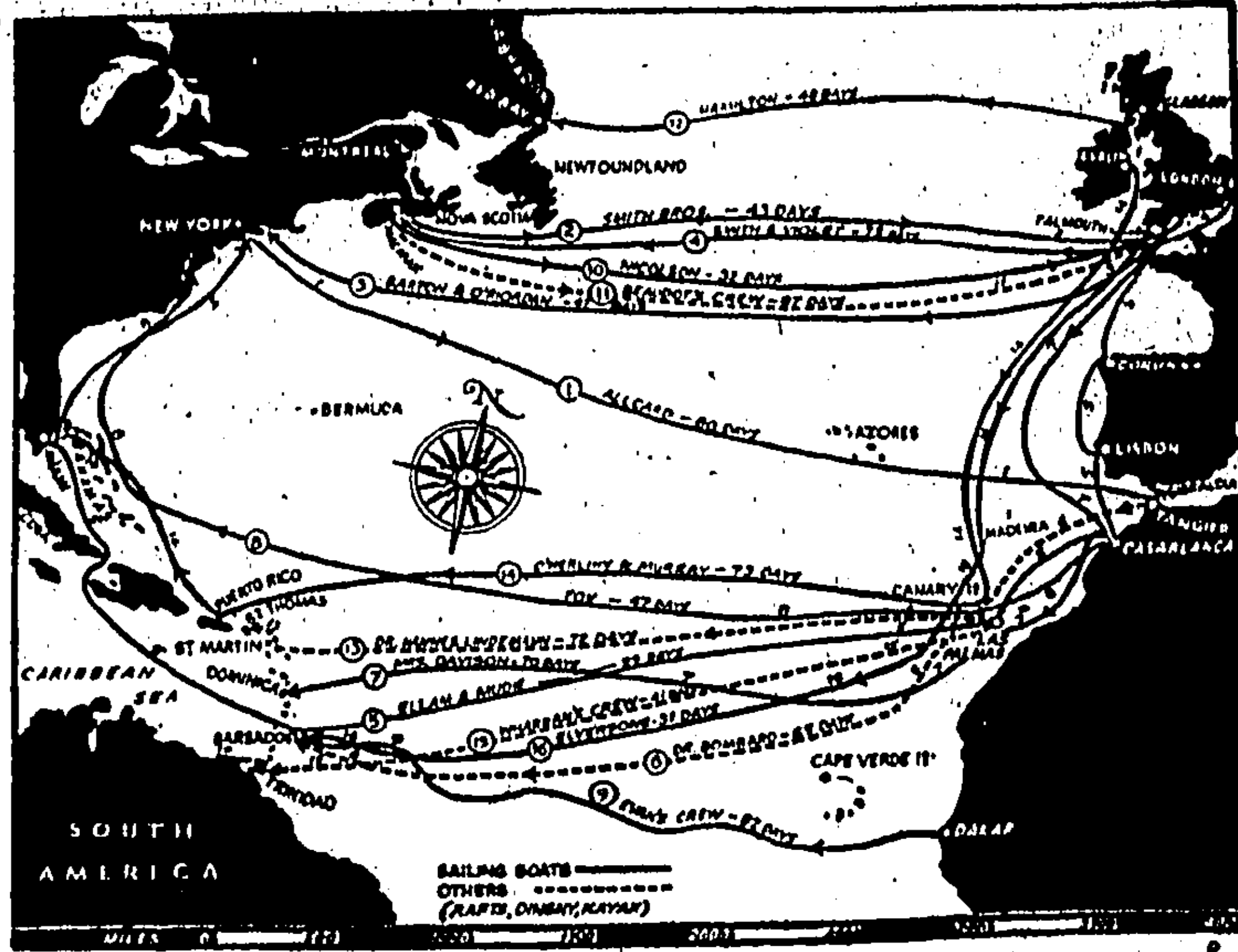
Gisele Pascal—she could not have committed a worse crime had she robbed the Bank.

## COCKLESHELL VENTURERS SAIL AGAIN

**M**ORE and more people are crossing the Atlantic the hard way, using boats, dinghies and rafts that would make even Columbus's little Santa Maria seem luxurious.

Latest to join the adventure-voyagers are Mrs. Elverson and her 16-month-old son, who reached Barbados a few days ago—en route for Panama and Tahiti.

Newsmap shows the voyages of some of the "cockleshell" adventurers, and how long each took after leaving the last island stepping stone behind.



- 1 and 2. Alicard first crossed the Atlantic alone in 1949, and Stan Smith made his trip the same month.
3. Barton and O'Riordan, sailing from Lymington, were over 50 when they made their trip.
4. In 1951 Stan Smith made his second crossing, starting from London.
5. Sailing from Falmouth, Elam and Mudge completed a fast crossing in February, 1952.
6. Dr. Bombard, in a rubber dinghy, tried to show that a man could live on the natural food of the sea.

7. After starting from Plymouth, Mrs. Davison in January, 1953, became the first woman to perform the crossing alone.
8. The next lone conqueror was Fox, in July, 1953.
9. Three scientists drifted without sail, towing a raft behind from which they observed marine life.
10. Nicolson made his crossing to Weymouth in 1954.
11. Aboard the raft L'Esgare II, three French Canadians reached Falmouth in August last year.

12. The most northerly of crossings was made late last summer.
13. Dr. Hannes Lindeman crossed in a kayak, only 17 feet long! A year before he had covered the same route in a sailing boat.
14. Two Irishmen reached Miami in December, last year.
15. A Briton and two German girls reached Trinidad in their twin-hulled catamaran this month.
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One day in September 1954, he took Father Tucker to lunch at the Villa Iberia. Later, as they were driving back to Monte Carlo, he eyed the Chaplain out of the corner of his eye, half afraid of him. The priest said nothing. Finally Rainier asked: "Well, what do you think of Mlle. Pascal, Father?" Father Tucker's brow puckered.

"A really charming girl," he replied. "Quite a personality. To tell you the truth, Your Highness, I wouldn't mind marrying her myself."

"Marry her? What are you talking about?" Rainier blurted out. "You can't marry her, you are a priest."

"Well, you are a Prince, Your Highness and you can't marry her either. You know that."

A SENATE INVESTIGATION HAS DISCOVERED THAT THE SCHOOL FOR SWINDLE IS AN AMERICAN INSTITUTION. ALL THE TRICKS OF PSYCHOLOGY ARE USED TO TRAIN SHADY SALESMEN THAT . . .

## The customer is always wrong

by ALAN BRIEN



New York.

**S**ALESMANSHIP is one of the great American arts. It is taught in colleges all over the United States, so it is not perhaps surprising that a recent Senate investigation disclosed a strange, sinister chain of underground training schools which teach selling not for profit but for fraud. They have all the usual courses in psychology and commerce, their graduates look like any other commercial travellers—confident, glib, presentable.

But these schools, the senators were shocked to discover, are run by crooks for crooks. And they turn out the new white-collar bandits by the hundred.

Confidence trickery today is organized big business. It makes full use of all modern gadgets from the television set to the tape recorder, and the artful dodgers of 1957 who graduate from their chromium and glass thieves' kitchens are specially trained to reap a fat reward vicariously from the ambitions of the average citizen.

### PAID ADVISERS

The well-drilled confidence man no longer uses force. He holds up his victim at the point of a fountain pen, and bludgeons him with a crooked contract. He is enormously helped by the credulity of the small town sucker who has seen other fortunes made from the most unlikely schemes, and therefore readily bites hard at the most fantastic bait. By far his toughest opponent is the National Association of Better Business bureaus.

The first Better Business bureau was formed in Boston 47 years ago, and it now has branches in 107 cities. Each bureau is directed by a committee of local businessmen with a staff of paid investigators and advisers. Their main task is to raise commercial standards by eliminating misleading advertisements, discouraging the sale of shoddy goods, publicising sharp practices, and securing redress for consumers' complaints.

In Chicago several shifty car dealers used to advertise fantastic bargains and then tell buyers that the cars were already sold. The bureau got advance proofs of the announcements from the newspapers and sent shoppers along to queue outside the shop before it opened.

### HOPE OF GAIN

"We try to tell people that something for nothing is always worth just that," said an investigator to me. "But they have been cheated out of their hope of a fortune."

One notorious gang that the bureau has been fighting for 37 years is known as The Terrible Williamettes. This is a wonder clan of 200 families who will drive through 10 states in expensive limousines for cars pretending to be jobbing billboards manufacturers.

machine hirers and market gardeners.

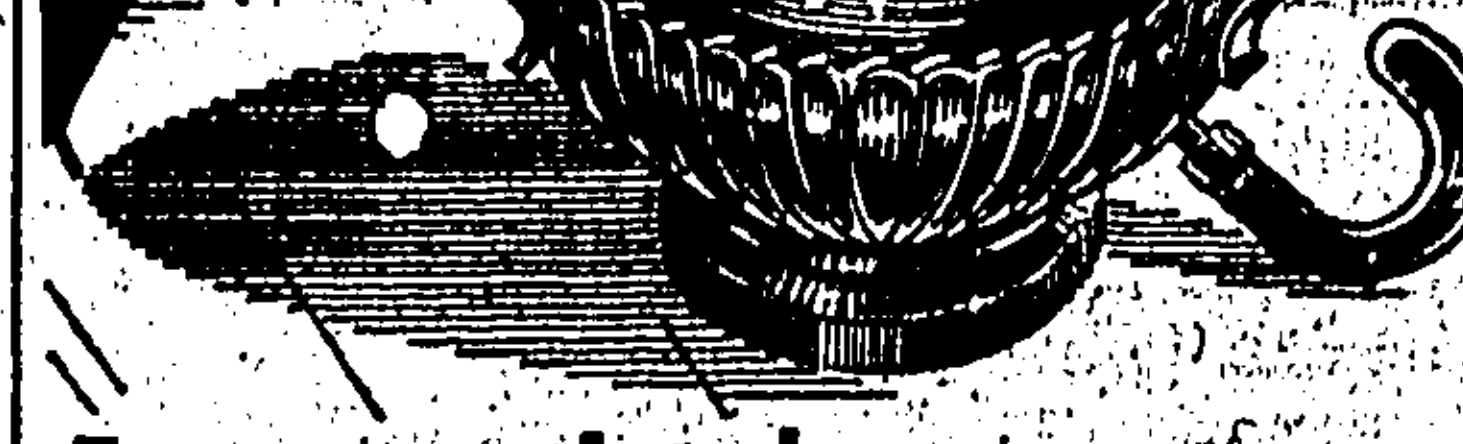
All of them are inter-related and descended from two original Williamettes who emigrated from Glasgow to America in 1890.

They leave behind them in their annual tourist tour of the Mid-West a trail of collapsing houses, useless gadgets, jammed machines and blackened lawns. And the warning bulletins that the bureau cables to each city announce the approach of a threatened hurricane.

Favourite hunting ground of the fake salesman from the crime syndicates school is the house repair racket. Sometimes he pretends that his victim has been chosen for his prominence in the community to have his house repainted at a bargain rate, and as an extra bait he will receive 50 dollars for every new customer he recommends.

The householder signs an expensive contract which the salesman subcontracts to a local firm whom he instructs to spray the building lightly with the cheapest paint available. Then the paint begins to flake a month later and the sucker finds that he has bought the most expensive bargain of his life, with no legal redress.

Keep your sugar dry!  
EVEN IN THE DAMPEST WEATHER



Fine granulated sugar is now available in new 5 lb. plastic bags

**TAIKOO SUGAR**  
REFINED SINCE 1884











**By HENRY LONGHURST**

# St. John Ambulance Orders

12 Gathering  
13 European country  
Solution on Page 9

## ***SOC CER NEWS***

***George Showell May  
Succeed Billy Wright As  
Wolves Centre-Half***

**By JAMES CONNOLLY**

**SAFETY FIRST ALWAYS**

Fred Blackburn, the English international outside-left of the 1901-2-3-4 seasons, was born in Blackburn and played for no one else but Blackburn Rovers.

March to June, 1957, 2018 Learning Ram from March - to September 1957. 2019 Learning Ram from March - to September 1957. 2020 Learning Ram from March - to September 1957. 2021 Learning Ram from March - to September 1957.

J. OWEN  
Medical Defence Staff Officer  
Auxiliary Medical Service

By **HENRY GRIS**

# Royal H.K. Defence Force Orders

**FORCE HEADQUARTERS**

NCO-845 p.m. Airman-8 p.m.

1 GREAT GEORGE ST. QND.

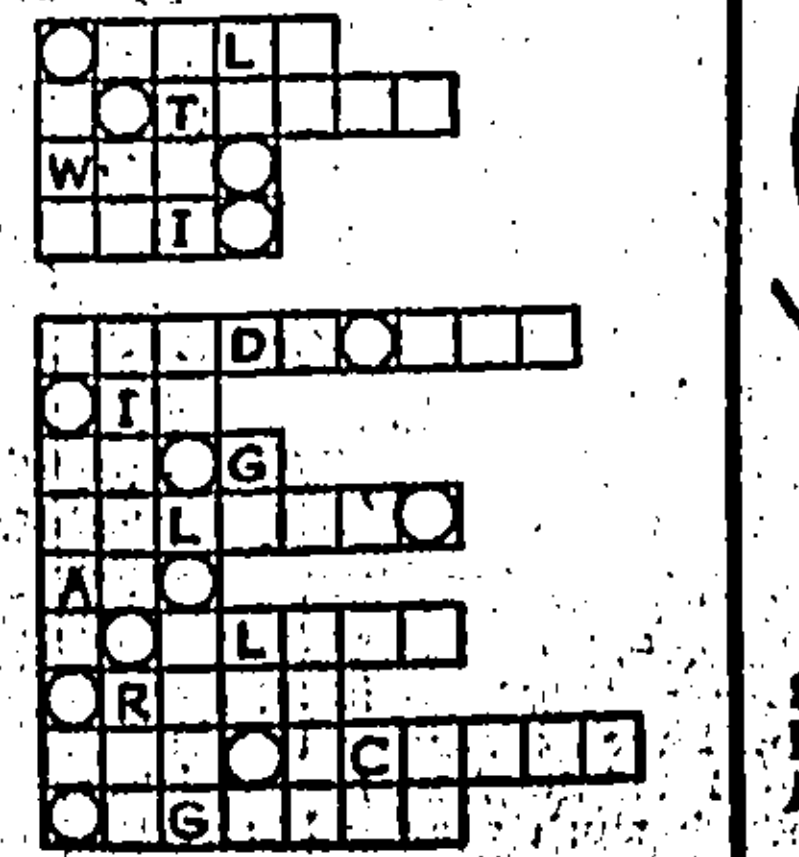
HONGKONG. TEL. 71337.

**GOOD EVANS**

George Evans, Longbridge United's goalkeeper in the West Midland Alliance, broke an arm in November, but turned up to see his team play Hay Green. Longbridge were a man short, so goalkeeper Evans borrowed a pair of boots, and, with his arm in plaster, played at centre - forward. He scored twice, but his side lost 2-3.

## NAMESAKES

**INSTRUCTIONS:** Fill in the spaces against each of the clues below with a word related to my life. The letters in circles spell out my name. Who am I?



## BE SPECIFIC

*by*  
**CATHAY  
PACIFIC**



## What's In A Name?

Fred Blackburn, the English International outside-left on the 1901-2-3-4 seasons, was born in Blackburn and played for no one else but Blackburn Rovers.

FOR  
"ZORIC DRYCLEANING"  
CARPET  
SHAMPOOING

Call **59195** for colle

THE STEAM LAUNDRY CO

# Baking Restaurant

**FAMOUS**

**PERKING DUCK**  
The one and only in Hong Kong

**and  
Delicious**

## PEKING DISHES

The 'secret cuisine' of the

**Palace Kitchen.**

**Dancing Music**  
**8.30 a.m.—2**

1 GREAT GEORGE ST., Q

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

...and the ...



# HK BANK MEETING: CHAIRMAN'S REVIEW

(Continued from Page 1)

time is so necessary. As the report by the Council for Technical Co-operation in South and South-East Asia 1955/6 puts it "food is the basic sector of production" and this is borne out by a study of conditions in various countries where it is usually found that a favourable harvest is the best tonic for their general economic health. Recent events in eastern Europe have shown that, even where the whole economy of a country is ruthlessly planned to the accumulation of fixed capital, there is a limit to the extent to which industrialisation can be pushed forward unless agriculture keeps pace. Unfortunately during the year under review agricultural production did not show any marked increase in Asia and while not in any way oversteering the part that weather conditions can play, particularly such as floods, one is left with the feeling that in many countries, insufficient resources are being allocated to the agricultural sector. These remarks of mine will, I hope, not be misunderstood. The need for rapid industrialisation in this day and age cannot be questioned and enlightened self-interest alone would lead us to give this sector every encouragement; but this does not get away from the fact that under conditions which exist in most of Asia, with growing populations, the increase in industrial development should not move at such a high speed that the production of basic foodstuffs and other necessities of life is unable to keep pace.

## Economic Aid

The Colombo Plan continued to play a large part in the economic development in South-East Asia and it is encouraging to see how mutual aid has increased particularly in the provision of training facilities. The Consultative Committee on Foreign Aid published after its annual meeting in Wellington in December, stresses the desirability of flexibility in development programmes, the importance of providing "sufficient opportunities for production to employ the ever-increasing human resources of the area" and the need to maintain a proper balance between consumption and investment. The Committee also expressed the hope that "increased opportunities may develop for drawing on foreign private investment." This is certainly true and I trust that a suitable climate will be created to encourage this investment. United Nations agencies continue to play their part while aid has been provided by the United States of America on a generous scale through various channels. The International Bank for Reconstruction and Development also made substantial loans including one of \$150 million to the Iron and Steel Company Limited of India which is the largest loan for an industrial project so far made by that bank; and its off-spring, the International Finance Corporation, came into being in July and announced its intention of concentrating upon investment in less developed countries, in association with private investors. The International Bank has proved itself one of the most successful international financial organisations since the war and I hope that, with the experience of its parent at its disposal, the International Finance Corporation will be able to make a useful and increasing contribution towards the economic development of the members in the private sector in which it will specialise. In our own small way we are doing our part and we have interests in two development corporations, one in India and the other in Ceylon, while consideration is being given to the setting up of a similar organisation in the Federation of Malaya. These corporations are intended to grant finance on a rather longer term basis than banks normally provide.

## Hongkong Survey

Hongkong has been fortunate in recent years in avoiding any serious internal disturbances and for this a great deal of the credit is due to our efficient police force. Unfortunately in October an incident, which started as a comparatively minor dispute in one of the resettlement areas, was exploited by criminals and gangster members of the Triad Societies to develop into the most serious riots the Colony has experienced since the war. The Governor in a memorandum to the Secretary of State for the Colonies, stated that "there is no evidence whatsoever to suggest that the riots in Kowloon were planned beforehand. On the contrary, all the indications are that they started spontaneously" and he went on to show that the crowded resettlement blocks, which it was necessary to build in urban areas in order to enable the inhabitants to be housed near their work, "explains the dryness of the timber which was waiting to be ignited by any suitable spark". The continuing rise in the population due to the large

influx from China and the natural increase—excess of births over deaths—increases every sector of the community. It is, therefore, the responsibility of the government to introduce the quota system for Chinese entering the Colony. This move was inevitable as it was borne out by the fact that during the six-and-a-half months when these restrictions were lifted there were over 10,000 Chinese immigrants and this, allowed to continue, coupled with the natural increase of about seventy-five thousand persons, would have imposed a strain on the Colony's resources which it would be quite unable to bear.

## Tremendous Task

The Interim report of the Special Committee on Housing in Hongkong, which I mentioned last year, estimates that even to prevent living standards from deteriorating it will be necessary to build "the equivalent of one new town, not much smaller than York, each year" which gives some idea of the magnitude of the task. This problem was dealt with at considerable length by the Governor in his recent speech in the Legislative Council. The measures so far made in reclamation and in the construction of new housing generally is, I think, remarkable. It is nevertheless not enough. Hongkong has pulled herself since the war on what has been achieved by her own efforts and I hope that she will be able to continue to be self-reliant for our normal development but the task of resettlement is something quite different. The time is rapidly approaching—if it is not already here—when assistance from some outside agency will become essential and the riots mentioned above are a warning of the problem. It is, therefore, the more encouraging that the executive committee of the United Nations Refugee Fund recently agreed to ask the General Assembly to consider the problem. When we look at the year as a whole, however, we find that once again there has been an improvement in practically every field of economic endeavour as some of the figures I shall give will show. The Tai Lam Chung reservoir project was inaugurated this month by Lady Patricia Lennox-Boyd; progress on the airport is reported to be up to schedule; a development plan has been announced for the Hung Hom district of Kowloon; and building activity continues to be seen in every part of the Colony. The proposal to construct a tunnel, or a bridge, across the harbour has been the subject of a considerable amount of discussion during the year but the government has decided that the cost of either of these projects is not at present justified.

## Textile Industry

The competition which the United Kingdom cotton industry is facing from imports of piece-goods from India and Hongkong has been the subject of numerous statements in the press and in the House of Commons. Recently Lord Leith of Cullinstown, a delegation from the industry visited both India and Hongkong at the beginning of this year to discuss this problem. It was proposed that the local industry should voluntarily agree to a limitation of exports of cotton cloth to the United Kingdom at an agreed figure and this suggestion is being examined. Even if certain sections of the industry are willing to co-operate, however, there seems little chance of bringing the garment-making industry into the scheme. This is very much of the cottage type of industry with no organised form of association and this makes any limitation unwelcome. In view of the fact that the industry has been given to the competition from Hongkong it is, I think, worthy of mention that the spinning industry here comprises just over three hundred thousand spindles while in the United Kingdom there are reported to be some 15 million spindles in active operation.

## Hong Kong Trade

Hongkong's trade in 1956 increased by 24% in value while volume rose by 12%. Exports showed a greater improvement than imports with Indonesia moving into first place while exports to Japan and Thailand were substantially higher. The increase in imports was fairly well spread with Japan and China making the most progress. Imports from China at just over \$1,000 millions were the highest since the war and although the trend continued to export to that country to be lower, the drop was not so severe as in 1955.

Exports of Hongkong commodities increased by 7% and comprised about a quarter of the Colony's total exports. The United Kingdom remains the largest market for local products but total exports to that country are still only 60% of our imports from there, a point which some people in the United Kingdom seem to overlook. These figures illustrate the importance of the expansion of our export markets which continue to play

a growing part in the Colony's economy. No less than 489 new factories were registered during the year as opposed to 372 in 1955.

Business on the Stock Exchange showed a fall of about one-third compared with 1955 but the market was in a much more healthy state and the boom seemed to have spent itself. Land values continued to rise although the number of properties that changed hands was considerably lower with buyers becoming more selective in their purchases.

## Colony's Finances

Once again the Financial Secretary, Mr. A. G. Clarke, in his speech in the Legislative Council when he presented the Budget, was able to report a very satisfactory state of affairs. A surplus of just under H.K.\$15 millions is expected for the current year as revenue on what he describes as "luxury taxation" has been particularly buoyant while expenditure is again below the estimate. For the financial year 1957/8 a deficit of H.K.\$4 million is estimated but shareholders, who have followed the trend of the Colony's finances and observed how conservative these estimates seem to be, will perhaps feel, as I do, that this gives no cause for alarm. It is interesting that the government is considering dealing with capital items in a separate budget as an amount of H.K.\$150 millions in next year's estimates represents this type of expenditure. The airport and Tai Lam Chung reservoir comprise 40% of the amount. There is also an allocation for preliminary work on a new reservoir which is to be built on Lantau Island and this will take about six years to complete. For the first time since the war details are given of the assets held by the government against the liabilities. The government's net assets are valued at H.K.\$1,000 millions and the two other note-issuing banks as security for their respective note issues. These assets on 31st December, 1955 were 100% of the liability with 37% in the form of cash, money at call or short notice.

## China

Conditions in China are a matter of considerable interest to all the countries in South-East Asia and nowhere is this more so than here in Hongkong. Unfortunately, information has recently been made publicly and reliance has had to be placed to a large extent on official publications and on impressions of returning visitors whose movements have in some cases been limited; but lately there has been a welcome increase both in the number of visitors permitted to enter the country and in the extent of their travel when there which is enabling us in Hongkong to hear eye-witness accounts of what is happening. There has also been a certain amount of criticism from China's own leaders, which has shown up where some of the weaknesses lie, and statistics in fact have been considerably improved. In fact a great deal of literature is available; but the achievements of the present administration are still so much a subject of controversy that much of this takes a partisan view, giving credit or awarding blame according to the ideology of the writer. In spite of these qualifications on any opinion which is formed there seems no doubt whatever that the progress in industrial development, which has been made in the last few years is substantial and that the first stages of the welding of farms into collective units have been, to a large extent, completed. To what degree this has reflected the wishes of the people, or how lasting the collective pattern will be, is difficult to estimate but the speed with which this has been brought about must have exceeded expectations.

## More Railways

The construction of new railways has also been particularly impressive and it is claimed that over 2,500 miles have already been completed. One of the most ambitious of these projects is the line linking Lanchow with the Soviet network some 1,700 miles away. This has already passed the oil fields of Yumen. It may be more difficult to get these new lines into full operation, as there are reports of breakdowns and a lack of maintenance on existing railways, but this does not in any way diminish the credit due for what has already been achieved.

The first National Congress of the Chinese Communist Party since the Yenan Congress in 1945 was held in Peking in September. At this meeting progress in the first five-year plan was discussed and many errors were admitted by the official spokesmen. These covered the setting of higher targets for capital projects than the production of building materials warranted, the neglect of industry along the coast, it was pointed out, that this had still produced over 60% of China's consumer goods, and too low a wage

structure. In considering the second five-year plan Mr. Chou En-lai stated that it was their policy to build "with heavy industry as its core" a comprehensive industrial system within three five-year plans. Special emphasis would be given to the metallurgical industry and it was hoped to raise the national income by 50% by 1962. This was, however, before the disturbances in eastern Europe, and since that time there is evidence that the lesson of these events, coupled with a less satisfactory agricultural output, has been accepted, has resulted in the targets of the plan being revised. It is significant also that free enterprise has been given greater scope in minor industries and handicrafts and a free market has been permitted for many goods in inland towns, both of which seem likely to benefit the consumer. During the year certain other relaxations have been made such as the campaign to employ "intellectuals" without too much inquiry into their political activities and the mission for the circulation of text books published in the West. These are all signs that some of their original plans require modification but it would, I think, be a great mistake to assume that any change in the basic policy of the regime, which is to increase the industrialisation of the country at as rapid a pace as the economy will bear. It seems likely, however, that the trend in eastern China towards consumer goods may slow up, or even halt, deliveries of heavy industrial equipment to China, and this may necessitate some adjustment. No doubt Mr. Chou En-lai's interruption of his Asian tour to visit his country was not only concerned with political matters.

## Restricted Trade

Trade with China continues to be restricted by the embargo but it was announced in the House of Commons in May that more would be allowed. The new procedure to permit reasonable exports in appropriate cases to China of goods which are not on the Soviet list. While this move is welcome as far as it goes it has not proved so helpful as it was hoped due to the absence of precise lists and the delay in dealing with applications. An exhibition of China produce and manufactures was held in Canton from November to January and was visited by many Hongkong merchants. The keynote of the exhibition was that it showed the wide range of products, which we all here know so well, but also included examples of what their new industries are turning out. Many of these items were for export and there is plenty of evidence, here in Hongkong, of the increase in the range of goods available from China.

## Japan

In Japan the year was marked by steadily increasing economic expansion with continuing instability on the political scene. The index of industrial production for November was higher by over 25% compared with the figure for the previous year, but internally this does not seem yet to have caused serious overstrain. While the cost of metals and machinery rose and there were bottlenecks in both transportation and electric power, the basic necessities and foodstuffs remained steady but in January the consumer goods index moved up sharply. Unless this is temporary it may be a sign that demand is beginning to press where it can do most harm. Interest rates continued high but bank advances have steadily increased, resulting in a rise in the level of borrowing from the Bank of Japan.

Shipbuilding in particular has been extremely prosperous and, aided by their early delivery of goods, the Japanese have taken advantage of the world demand for shipping, particularly tankers, and Japan last year turned out 1,740,000 tons of shipping, double the previous year's total. Output of textiles also increased and exports have been rising which has not been welcomed by the competing industries in the importing countries, particularly in the United States of America. As a result of protests from that country the Japanese have agreed to a voluntary limitation of textile exports to 235 million square yards per annum. An interesting novelty in Japanese machinery which is moving round various parts in South-East Asia. This fair is housed on board a freighter which will spend a few days in each city.

The demands of industry caused a higher level of imports mainly of raw materials, but, helped by another good crop and a world demand for her exports, it was still found possible to maintain a favourable balance of payments. As usual this was mainly due to exports and imports were almost in balance at U.S.\$4,400 millions, but the foreign exchange surplus was just under

U.S.\$300 millions as opposed to U.S.\$500 millions in 1955.

## Fall in Holdings

In spite of Japan's favourable overall balance her holdings of foreign exchange have shown a considerable drop during the year and negotiations, which have been in progress in London since October, have recently concluded with the signing of a new trade agreement. It seems that the delay in reaching this agreement was caused by the different approach of the two governments. Japan considered the drop in her sterling holdings as justification for requesting increased imports by the sterling area of her goods; but the United Kingdom argued that as sterling could now be used for many types of payment outside the sterling area, balanced trade with individual countries was of little importance and was now out of the question. For the same reason the United Kingdom does not want to enter into a new payments agreement.

The budget which has recently been presented in the Diet showed a deficit of about Yen 100 billions. In view of the favourable conditions enjoyed by industry it is proposed to reduce personal income tax but it is anticipated that this will be more than covered by higher revenue from other taxes.

## Political Picture

When we turn from a survey of economic conditions, and look at the political picture the outlook is not so promising. The emergence of the two-party system, which I mentioned last year, has not brought with it any relaxation of party cohesion and politics are still bedevilled by the rivalry of numerous factions. This party strife did nothing to improve the Japanese prospects in their negotiations with Russia where the discussions and rivalry of the various political groups at home weakened a hand which was never particularly strong. The Japanese also found that the Russians were hard bargainers and the talks, which in the summer were resumed in Moscow, seemed for a long time to be making little progress. Finally in October an agreement was signed and in December, a ceremony in Tokyo, the ratification instruments were exchanged and the restoration of diplomatic relations became an accomplished fact. A few days later Japan was elected the eighth member of the United Nations. This entry into the international organisation has given great satisfaction to the Japanese and has, to a large extent, tempered their disappointment over the failure to obtain satisfaction over their territorial claims. In this connection it seems unlikely that any progress will be made over the return of the Southern Kuriles and while the island of the Habomai group and Shikotan are to be returned on the signing of the Peace Treaty there is no indication as to when this will be. In the minds of many Japanese a reappraisal of future relations with China seems to be the next step but a settlement of this problem will require a high degree of diplomatic skill.

## Personal Rivalry

While these events were taking place the Liberal-Democratic Party was endeavouring to find a new leader as Mr. Katayama had announced his intention of retiring. The personal rivalry between the various leaders made agreement difficult and it was not until a second ballot that Mr. Tanizaki Ishibashi was elected and later formed a government. This government was short-lived as Mr. Ishibashi was obliged to resign due to ill health. Mr. Kishi became the new Prime Minister but continued to retain the portfolio of Foreign Affairs while the Cabinet was practically unchanged. Recent developments have undoubtedly have not provided any evidence that the members of the party have buried their quarrels and the factional affiliations still seem as strong as ever. Although so far the political instability has not had a damaging effect on the country's economy there are many problems both in the domestic and international fields requiring attention which is unlikely to be given as long as the present dissensions remain.

## The Philippines

The year 1956 was, on the whole, a good one for the Philippines. The political situation remained unchanged and President Maguayay personally continued to enjoy the support of the majority of the nation, although this does not extend to all members of the administration. There was general satisfaction that the country became a member of the Security Council and the Governor Miguel Cuadernos of the Central Bank was elected Chairman of the Board of Governors of both the International Monetary Fund and the International Bank. Economically there was general satisfaction and from such statistics as are available at the

time of writing, it appears that activity in most sectors was at a higher level than in 1955. Exports were larger which was mainly due to increases in shipments to Europe and Asia as trade with the traditional market of the United States showed a slight fall. Due to curtailment of licences imports were on the whole lower, particularly consumer goods, but there was an increase in the purchases of machinery. As a result the foreign exchange reserves showed a slight increase but this was still dependent to a large extent on United States Government expenditure. The expansion of the economy, coupled with the reduction in the imports of consumer goods, had its effect on prices which tended to rise while a considerable increase in the supply of money gave warning of the inflationary dangers ahead. These were referred to by the President in his State of the Nation Address in which he stated that "we will continue to adjust our foreign exchange allocations to the demand for essential consumer goods without impairing the requirements of high priority projects." This balance will not be easy and the President dismissed suggestions that the time was ripe for the removal of economic controls. On the contrary he recommended that Congress reconsider the existing foreign exchange laws which permitted a considerable amount of barrier trade, as this measure was being abused. The suggestion that the peso should be devalued has been heard again from many quarters but this proposal is strongly opposed by the Governor of the Central Bank who does not feel that it would be in the best interests of the country.

## Thailand

The cautious optimism I expressed last year regarding the future of Thailand appeared to be borne out by events in 1956. There were signs of more political stability and the differences between rival personalities, which had in the past hampered the administration, seemed to be less marked. Unfortunately the elections, which were held at the end of last month, resulted in a certain amount of unrest and it was necessary to declare a state of emergency. These disturbances seem to have been brought under control but the fact that they occurred shows that there is still a need for any appraisal of events in this country. Economic conditions were satisfactory and the operation of the Stabilisation Fund ironed out excessive fluctuations in exchange rates while the overstocked condition of the consumer goods markets showed considerable improvement. The balance of trade, however, was slightly adverse during most of the year as imports continued at a high level, which had a serious effect on the revenue. This was considerably higher than expected and resulted in income exceeding ordinary expenditure in the revised estimates for 1956, while a small surplus was estimated for 1957. Capital expenditure will remain at about the same level and the overall shortfall will as usual be financed by loans and American aid. This aid is most beneficial to the economy. The country's enabling deficit financing to be avoided, and has kept the cost of living and money supply comparatively stable; while a large appropriation is being used in the construction of a strategic road which will be of great commercial value. Shipments of rice, which earlier were lagging behind the level of 1955, increased during the last two months, due to reductions in export premiums which enabled a total for the year to be some 13,000 tons more than for the previous year. Rubber exports were a little higher and estimated figures for both production and exports of an increase towards the end of the year. As can be seen, Thailand seems to be in a very happy position which should continue during the current year provided there is no further internal disturbance.

## Vietnam

Although many of the difficulties facing the Republic of Vietnam, which I mentioned last year, still remain, considerable progress has in fact been made. The war against the Viet Cong has been brought to a successful conclusion, a large number of the refugees have been effectively resettled and the area under law and order is being rapidly enlarged. The new constitution has been drawn up and although this gives the President the Republic very strong powers, for a time at least in a country which has suffered from so much dissension, such powers are probably necessary. Steps are being taken, although possibly not fast enough, to introduce land reform. This will restrict the area of land suitable for growing rice which may be held by one individual. These are all considerable achievements but the economic situation still gives cause for concern. Production of rice is still very low, in spite of efforts to develop hitherto unproductive areas and to replant rice fields abandoned during the hostilities, and exports of rice were not found possible in 1956. These have since been resumed on a small scale but the price may make it difficult to increase output. Little progress has been made in industrial development and inflation has become a serious threat in spite of the large amount of American aid. The recent reorganisation of the import trade, by reducing the number of those engaged in it and the fixing of profit margins at both wholesale and retail level, is aimed at lowering prices but this can only have a limited effect. Moreover, the decision that all Chinese born in Vietnam would henceforth be Vietnamese nationals and that non-Vietnamese nationals would be prohibited from participation in the retail trade has had a damaging effect on the confidence of the Chinese and on particularly interested in this trade. For a long term solution to their economic difficulties it would seem to be necessary to press ahead with increasing the area under rice cultivation and the setting up of secondary industries; but the most immediate problem is to bring down the cost of living.

## Cambodia

Prince Sihanouk continues to retain the confidence of the people and to wield considerable influence whether he has been in office or out of it. Since neutrality is the declared policy of the country and the two-year capital investment plan is being largely financed by aid from abroad, rice exports, which were banned early in the year, are to be resumed as this year's harvest is reported to be excellent. Few statistics are available at the time of writing, but it is believed that the rice trade will be a

active and the cost continues to be a heavy drain. Other problems spring to mind, such as the adjustment of racial tensions and the relations between the Federation and Singapore, but the present government has built up a considerable record of good will which should, provided tolerance is shown on all sides, enable them to get off to a good start.

## Finances

The present position of the finances of the Federation was dealt with clearly and concisely by Colonel H. S. Lee, the Minister of Finance, when he introduced his first budget. The estimate showed a prospective deficit of M.\$145 millions for 1957 which would reduce the realisable general revenue balance to M.\$130 millions by the end of the year. This was considered to be a reasonable safety margin for this reason, changes in direct and indirect taxation were brought into force. Briefly these covered increases in income tax in the higher income brackets, new taxation affecting motor cars, the raising of certain import duties and an excise duty on locally grown tobacco. This increased revenue was expected to reduce the deficit to M.\$110 millions. The estimates for capital projects already approved show that a little over M.\$200 millions will be required in 1957 with not far short of M.\$400 millions thereafter. This figure is being provided at present by advances from the treasury but a funding operation will require to be undertaken sooner or later. Many other schemes for development are in course of preparation and it was in the light of this heavy expenditure that the financial discussions were held in London concurrently with those on the defence which I mentioned above. It was agreed that the United Kingdom Government would provide some financial assistance towards the continued cost of the Emergency and would help in the expansion of the armed forces. These arrangements, although perhaps on a smaller scale than hoped for, should assist the Federation in their development plans and, before leaving London, Tengku Abdul Rahman stated that "every encouragement would be given for the flow of foreign capital to Malaya to help the country's economic development." This is a very important statement as foreign capital investment, and, what is perhaps more important, the technical assistance which is likely to come with it, will be essential to the Federation for many years to come.

## Malaya

The Alliance Government has now been in office for over a year and steady progress has been made, both in the conduct of the day to day administration and in the movement towards full independence. One of the changes agreed upon at the Constitutional Conference in London last year have already been brought into force. The Chief Minister, Tengku Abdul Rahman, who also holds the post of Minister of Internal Defence and Security, became chairman of the Emergency Operations Council and in July the Federation Armed Forces Council was inaugurated and has already set about the establishment of a self-contained local force. A Constitutional Commission was appointed early in the year under the chairmanship of Lord Reid and toured the country receiving recommendations from various interested bodies. Their report has recently been published but it is not possible to do more than touch on it here. A strong central government with a common nationality for the whole of the Federation and "a measure of autonomy" for the States and Settlements are among the recommendations. Provision is made for a constitutional Head of State for the Federation and for the Settlements becoming states in the new Federation. The need for safeguarding the special position of the Malays has been recognised and the qualifications for citizenship follow the proposals of the main parties.

At a further meeting between the Government of the United Kingdom and the Federation of Malaya, held in London over the end of the year, negotiations were satisfactorily concluded on the terms of the defence agreement "under" Her Majesty's Government will undertake to assist the Federation Government in the external defence of its territory and in the training and development of its own armed forces while the Federation Government will conduct a Commonwealth strategic reserve, necessary for the fulfilment of Commonwealth and international obligations.

As a result of this preparatory work the Security Council at the Conference of power on 31st August and the Federation of Malaya will then take its place as a self-governing member of the Commonwealth. On the whole, the future prospects look favourable. The Alliance Government retains the support of the majority of the population and the economic outlook seems bright, with a continuing world demand for their primary products. The Emergency continues in a dark cloud on the horizon, but, though much success has been achieved, the terrorists remain

active and the cost continues to be a heavy drain. Other problems spring to mind, such as the adjustment of racial tensions and the relations between the Federation and Singapore, but the present government has built up a considerable record of good will which should, provided tolerance is shown on all sides, enable them to get off to a good start.

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## Tin Agreement

In the first six months of the year the price of both these commodities moved steadily downwards, but this trend was halted in July due to developments in the Middle East. For the rest of the year there were considerable fluctuations with a sharp increase in both prices during November and December. The rise has, however, not been maintained. The International Tin Agreement came into force on 1st July, 1956 and contributions have already been made by members, all of them so far in cash. At the meeting in December it was agreed to review the situation and a report is expected to be submitted to the next meeting which will be held this month. While the introduction of this scheme should, on the whole, have stabilising influence to operate efficiently, the buffer stock should hold both cash and tin but, as the manager of the buffer stock is not permitted to buy until the price is below \$720 per ton, there is little prospect of acquiring tin at the present time. In January 1957 the buying of tin by the United States Government for stockpile purposes ceased and the smelter in Texas was sold to a private concern.

Tin production in Malaya increased by a little over one thousand tons compared with 1955, while exports were the highest since 1950. The rubber replanting scheme, which is so vital for the future of the industry, is making progress although the smallholders are moving slower than the estates. This is understandable as to quote from the Federation of Malaya Annual Report for 1955 "to the smallholder, lacking mechanical aids, the task of replanting calls for hard and sustained physical labour and considerable publicity with sufficient inducements is necessary to encourage the smallholder to undertake this work. Production was slightly below the high level of 1955 and exports at 993,000 tons showed a drop of about 1%.

## Singapore

The conference to decide the future constitution for Singapore was held in London in April but, in spite of three weeks of negotiation it was found impossible to reach agreement. The main issue on which the discussions foundered was the extent of the powers to be assigned to the local authorities.

(Continued on Page 9, Col. 1)



# A SATISFACTORY YEAR

(Continued from Page 8)

talented by the British Government to enable them to discharge their responsibilities for external affairs and defence. After his return, Mr. Marshall resigned in June and Mr. Lim Yew-hock became Chief Minister. His task seemed a far from enviable one as there was considerable disappointment over the failure to reach agreement in London, although in many quarters there was a feeling of relief that a period of quiet on the political scene seemed likely. In September the Chief Minister obtained a unanimous vote of confidence in the Legislative Assembly, which greatly strengthened his position, and enabled him to take stronger measures to stamp out subversive activities. One of these was an order dissolving the Chinese Middle Schools Students Union. For some time past many of the pupils in these schools had become extremely unruly and neither their teachers nor their parents seemed to have any authority over them and evidence was obtained which showed the extent of Communist infiltration in the union. The determined stand taken by the government unfortunately resulted in serious riots but no further disturbances have taken place since then. It is every indication that the power of the Communists in the union has been severely weakened, if not entirely broken. This is an important achievement and particularly significant when it is remembered that the Chinese population is under twenty-one years of age. On the whole the position in Singapore at the end of the year seemed more stable than it had been for some time and, with the added authority which this improvement gave him, Mr. Lim Yew-hock paid a visit to London to discuss the question of the resumption of the constitutional talks this month. Although it is always dangerous to prophesy there seems ground for hope that this time he will not come back empty handed.

## The Estimates

The estimates for 1957 showed a deficit of M.\$30 millions but new taxation similar to the Federation's reduced this figure to under M.\$20 millions. On the whole this is not an unsatisfactory state of affairs but the calls for capital development are heavy and are expected to amount to M.\$750 millions for the period 1958 to 1962, of which projects totalling M.\$570 millions are considered essential. To meet this heavy expenditure it is intended to increase revenue over the past year to yield at least an additional M.\$50 millions and to mobilise local capital resources to the full. A bill was introduced imposing a tax "at wholesale level" on any luxury goods which may be decided in the future. This proposal has been severely criticised as likely to endanger Singapore's free port status and the bill has been referred to a Select Committee. The necessity to maintain a suitable climate for investment, in the face of mounting expenditure for social services, is the difficult problem which faces Singapore's government and a suitable balance will not be easy to find.

It has always been the practice in these statements to include comments on developments in the Federation of Malaya and Singapore under the same heading but, with the recent constitutional changes, this seems no longer suitable and this year I have tried as far as possible to separate them. Geography and their complementary economies, are facts which cannot be ignored, whatever the political differences may be and it is no more easy for us to draw a line between the two territories in our summary of events than it is for one territory to ignore the effects on the other of the policy they adopt. Before I leave this peninsula, therefore, I wish to touch on a few matters of general interest to the area as a whole.

## Central Bank

One of the recommendations of the International Bank Mission was the establishment of a central bank and last year the two Governments requested the Watson of the Bank of England and Sir Sydney Calne to make an examination of the present position and to submit a report on what form that central bank should take. Under their terms of reference they were required among other things to advise on the desirability of separate central banks as opposed to one for both territories. This question is linked with that of the currency for the two territories, the Governments of Sarawak, North Borneo and the State of Brunei having decided to adopt a currency of their own, and the report favours the continuance of one currency, which pre-supposes a joint central bank. This is a conclusion with which we agree but the working of a joint central bank would only be possible to quote from the report—"if the two Governments co-ordinated their policies in the fiscal, monetary and economic fields". Other recommendations of the International Bank Mission were the retention of the sterling link and the

desirability of banking legislation. The importance of the provision of low cost housing and a deterrent to Communism is as great in Malaya as it is elsewhere and I am glad to be able to report that the Malaya Borneo Building Society, formerly Building Society Limited, for which, as I mentioned two years ago, we are providing finance, has made considerable progress. Already this society has assisted many families throughout Malaya to purchase their own homes and its activities are being extended to Borneo.

## Malayanisation

Plans for the gradual Malayanisation of the public services have been approved in both territories. There has been a considerable amount of discussion on this subject and it is satisfactory that the schemes adopted have avoided the danger of too much haste and that the retiring officials have been treated fairly.

The Malayanisation figures showed a favourable balance of M.\$35 millions in 1955. This considerable reduction was mainly due to the large increase in imports while the level of exports was about the same. The total value of external trade was higher than in any other year except 1951.

The above are a few of the many important developments that have taken place in Malaya during the last year and on the whole, in this part of the world, we can look back on 1956 with a considerable degree of satisfaction. The end of one chapter is in sight and we shall soon be turning to the next. What this chapter will contain we cannot yet tell but the events which it will record will cover the early developments of these two territories under their own elected rulers. It appears that the transfer will take place peacefully with little rancour on either side and as long as Merdeka is regarded as a challenge to progress and not as an end in itself the new chapter should make pleasant reading.

## North Borneo

We now turn to Borneo, a country which is blessed with considerable natural resources but which is lacking in both capital and labour. Here also there is the urge to move forward in expanding the economy and over the last three years M.\$53 millions have been invested in development. Half of this was obtained from revenue with the balance from loans and external aid. Labour has also shown a welcome increase as a result of immigrants from Indonesia, but arrivals from the latter territory are disappointing. The importance of communications at the present stage of development needs no elaboration and, although progress has been made, the lack of trained personnel has resulted, as in so much else, in the pace being slower than it might be. These difficulties can in time be overcome and there is no doubt that over the last year there has been a feeling of greater confidence in the future.

Trade has improved and the totals of both imports and exports seem likely to be higher than in 1955. Rubber still commands the highest price but the timber industry showed an increase in the volume of exports of about 24% and this industry is generally on a more stable basis. The decision that Labuan should revert to its pre-war free port status became effective from 1st September. For many years Harrison and Grosfield have acted as our agents in Labuan and this has been a satisfactory arrangement to our mutual benefit. In view of the change of status of this port, however, your directors considered that the time had come to open our own office which commenced business at the beginning of this year. Due to the geographical position Labuan has considerable future possibilities but a great deal remains to be done and I do not expect a rapid development.

## Brunei

Progress continues to be made in the carrying out of the five-year development plan and this State remains in a very happy financial position. The surplus for 1957 is estimated to be M.\$75 millions, a slight increase over last year. The construction of the road from the capital to the oilfields at Seria is well under way and should be of considerable benefit to the State and the industry on which so much depends. A start has been made in drilling for oil offshore.

## Indonesia

Events in Indonesia have recently been changing with such rapidity that it is extremely difficult to give a review of this nature to be entirely up to date. The elections held at the beginning of the year resulted in the formation of a coalition government under Mr. Satrioatmodjo with ministers mainly drawn from three parties but with others being

represented. This government suffered from the stresses inherent in all coalitions and the rivalries of personalities and the groups they represent dominated the political scene. In the background there was the army—another factor to be reckoned with—which had intervened before and which it was felt might do so again. It is against this background that the numerous incidents reported in the press must be viewed. The position at the moment seems confused with the revolts in Sumatra, which started in December, still continuing and the future of the present government uncertain. Dr. Hatta, the Vice President, has already resigned and the influential Marjumi Party withdrawn from the government. This places a great responsibility on the President who is actively engaged in attempting to find a solution.

The economic situation has naturally suffered as a result of this instability and the reduction of the statutory gold and foreign exchange reserve from 20% to 15% was announced last month. A similar reduction was made for three months in 1956 when assistance was obtained from the International Monetary Fund. The deteriorating position of government finance cannot be ignored. The advances obtained from the Bank Indonesia which have risen to over 7,000 million rupiahs, while notes in circulation have also increased. This state of affairs is unlikely to improve as long as the present discussion continues with the difficulty of collecting revenue in the disturbed areas. It seems, therefore, that a return to economic health must await a settlement of the political differences and the restoration of law and order throughout the islands.

## India

India in these years has built up for herself a position of considerable influence in world affairs and this is particularly so in Asia where many of the smaller countries look to her for leadership and watch with anxious eyes to see how her industrial development is proceeding—a development they are all trying to emulate to a greater or lesser degree. In particular her declared policy of neutrality is one which many others wish to follow and, although the price of oil is high, her relations with her near neighbour, and may, as a result of recent events, lower her own prestige, the interest in her progress is unlikely to be much diminished. The second five-year plan is in particular attracting considerable attention with its emphasis on heavy industry. In India this is considered vital to enable her to improve, or perhaps only to maintain, the standard of living of her growing population and the plan indicates that the government is determined to achieve the targets even if this is not found possible within the stipulated period. China, as we have seen, is also moving in the same direction, although under a very different regime and the emphasis on speed. Whether either will be successful in this rapid move towards industrialisation, the future alone can show but the success of one over the other would be viewed by many as a triumph for that form of government.

The determination of India to retain her parliamentary institutions can be seen from the elections recently held—a massive piece of organisation in which it is estimated that 200 million people have had an opportunity to vote at 200,000 polling booths. Success in her economic aspirations would strengthen such institutions not only in India but in many other countries as well, and these aspirations are at the moment centred round the second five-year plan.

## Plan Criticised

This plan has been the subject of much comment and criticism both in India and abroad and fears have been expressed that the dangers of inflation have not been sufficiently guarded against. Many doubt whether large enough resources have been allocated to raise the level of production of food and cloth to meet the increase in the supply of money, which the deficit financing will cause, while the adequacy of the transport system and port facilities is questioned. The estimate of the foreign exchange requirements of the plan is considered to be unduly optimistic and this has already resulted in a more general realisation of the necessity to attract foreign investment, but is the present treatment of the private sector to achieve this? There are some of the criticisms levelled at the plan and recent developments show that there is a good deal of substance in them.

During 1956 sterling balances dropped by about £160 millions, the wholesale price index rose by 13% while the cost of living went up by about 10%. These were danger signals that could not be ignored and an interim budget was introduced in November. This imposed a tax on capital gains, increased super tax on dividends and gave the government control over the reserve funds of companies to insure that they are put to use

which promote industrial development in accordance with the plan. Customs duties were also raised. To protect the external balances severe cuts were made in imports, particularly consumer goods, and a ceiling was fixed on foreign exchange expenditure for the next six months. New projects in both the public and private sectors, which involve expenditure in foreign exchange, were postponed if no commitment had been made.

These and other measures, which there is not space to mention here, should have their effect but it remains to be seen whether they will be sufficient to halt inflation and reduce the drain on the foreign exchange reserves without any major adjustment of the plan. Meanwhile the International Bank is considering making loans for a number of projects and a survey of transportation is being carried out by a mission from that bank while arrangements for foreign exchange to purchase U.S.\$200 millions from the International Monetary Fund.

## Much Progress

These difficulties, which it is only proper I should mention, do not detract in any way from the progress which India has already been making or the magnitude of what is being attempted. Recently, for example, the Hirakud dam was opened which is claimed to be the longest in the world. This dam, mainly the work of Indian engineers, extends for about three miles with dykes on the flank to a total of thirteen miles. For the future it is hoped to increase steel production during the period of the plan by four million tons a year which will mean doubling the capacity of two existing plants and building three new ones. Construction of heavy machinery is also planned and a mission from the United Kingdom has recently visited the country to advise on what is required.

These are only a few of the many interesting developments that are taking place but before I leave India there are two points of interest to our office here which I should like to mention. The first is the Reserve Bank of India (Amendment) Act 1956 which gives that bank power to vary the cash reserves which scheduled banks are required to maintain with it. The second is the Banking Companies (Amendment) Act 1956 which inter alia requires the appointment of managers of banks to be approved by the Reserve Bank of India. Although I understand that the powers given under both these measures are of interest to our office, in fact, they are none the less disturbing. Circumstances change and policies with them and a very recent example of this is the State Trading Corporation. This was set up to carry on trade with the Communist countries where government organisation was considered advantageous, but the corporation is now competing to quite a large extent in imports from other countries which were formerly handled by the private sector.

## Burma

In Burma the elections in April resulted in the expected victory for the government party although the size of the opposition was greater than expected. The government was faced with a considerable number of problems, of which the most important was to establish and maintain law and order, and it is disappointing that very little progress seems to have been made in stamping out insurgency. Economically the misgivings I expressed last year regarding the success of the disposal of rice under barter agreements were unfortunately proving only too well founded; and the failure to maintain a level distribution of commodities was evidence of the weakness of the administrative machinery. There has been some improvement since then as rice shipments, on which so much depends, have increased, which combined with continued restriction of imports has resulted in the foreign exchange reserves rising by about 25%. Unfortunately there has been a disturbing increase in the cost of living which rose sharply by 20% in the first six months of the year but has since come back to about 10% higher at the end of the year. In an effort to improve the distribution of essential goods five import corporations, with capital subscribed jointly by the government and the public, were set up towards the end of the year. Four of these corporations will be issued with import licences for general consumer goods while the fifth will concentrate on the requirements of industry. Capital expenditure was considerably reduced during the year and was limited to carrying out projects which were already started and it was estimated that the deficit would be only half of what was originally expected, while a small surplus is hoped for in the coming financial year. A long-term loan of US\$25 millions was recently made by the United States of America which would be used in various ways ranging from the establishment of a medical centre to the expansion of the local air line and funds

obtained from the International Bank will assist in the rehabilitation of the port of Rangoon and the railways. On the whole Burma seems to have overcome the difficulties caused by the fall in the price of rice since the end of 1953 and the over-ambitious development projects which were planned in the anticipation of a high price continuing. An improvement in internal security and a reduction in the cost of living are two important problems that still remain.

During the year a number of discussions took place with China regarding the line of the frontier between the two countries. This has been a subject of dispute for many years and the exact line of demarcation has never been settled. A joint statement issued in December indicated that no decision had been reached although it seems likely that the Chinese will withdraw from the States in return for the secession of three villages in the Kachin States.

## Ceylon

The general elections held in April resulted in a sweeping victory for the People's United Front. Mr. Bandula de Silva became Prime Minister of a government which was pledged to institute a Ceylonese Republic and adopt a socialist programme including nationalisation of certain industries. So far the government has proceeded slowly and no very drastic steps have yet been taken. Discussions on the British bases and in the House of Commons in December it was announced that the United Kingdom Government will hand over the bases of Trincomalee and Katunayake to Ceylon in 1957 on a date to be agreed between the two governments. At the end of the year the People's United Front suffered a defeat in the Colombo Municipal elections and last month Mr. Dudley Senanayake, who has considerable popular following, announced his return to Ceylon. These developments can be construed as a sign of a swing back to the United National Party although it is true to say that the People's United Front have relied to a great extent for their support on the rural areas. The Official Language Bill was passed in July prescribing Sinhala as the official language of Ceylon and this has resulted in considerable dissension among the Tamil community. In this connection I hope that the recent remarks made by the Indian Prime Minister on the importance of the English language are not being overlooked.

## Trade Balance

The favourable balance of trade has shown a considerable reduction over the record surplus obtained last year but external assets were little changed at the end of the year from 1955. A further agreement with China to supply rubber in exchange for rice was signed in December and Ceylon will continue to receive a price above the average monthly Singapore market price, although the premium is a little lower. This but for minor changes in taxation comprising rises affecting those in the higher income brackets and a small increase in company rates of taxation. It appears that the development programme I referred to last year has not been found acceptable to the present government and a National Planning Council has been formed to prepare a new overall plan for economic development. This will inevitably result in delay as it is not so much in the planning that the weakness lies as in the lack of technical personnel to carry out the tasks. It was stated in June by Sir A. G. G. G. that the Government of the funds put up by Commonwealth countries under the Colombo Plan remain unused which seems to bear out this contention. On the whole the emergence of a government with such different views from the previous one has resulted in a period of reflection with so far little change.

## Satisfactory Year

As usual I have tried to give shareholders a brief review of the political and economic conditions in the Asian countries in which we are represented. This can be necessarily only touch on the main developments in these large areas, in many of which considerable changes are taking place. On the whole this has been a satisfactory year and, notwithstanding setbacks, has been marked by general political stability with growing economic expansion in the United Kingdom to transfer some of their funds there. Governments also were not slow to follow suit and as a result the banking system in a number of territories was deprived of substantial sums in the time when the demand for advances, mainly for productive purposes, was very active. Even from a purely revenue producing angle I wonder whether this action was wise. Has not the lure of higher interest rates caused them to lose sight of the increased revenue that would have accrued to them through taxation had the funds been

# BANK CHAIRMAN ON THE EFFECTS OF THE CREDIT SQUEEZE

At the annual meeting this morning, the Hon. C. Blaker, Chairman of the Board of Directors of the Hongkong and Shanghai Banking Corporation, referred to the credit squeeze and said the necessity to turn away business confronted the bank with an unpleasant task, but he hoped shareholders would appreciate the old saying of their school days — "that it hurts me more than it hurts you."

Mr. Blaker also disclosed that the Corporation recently made representations to Government for amendment of the Ordinance which would permit them to do away with the out-moded and now unnecessary Reserve Liability of Members.

Mr. J. Hennessy Seth, seconding the adoption of the report and accounts, welcomed this announcement.

"Addressing shareholders, the Chairman said:

As you will see from the accounts before you the profit for the year amounts to \$20,635,421, which represents a small increase over last year's figure. In accordance with our long-standing practice this profit has been reserved out of which full provision has been made for all realised losses, the depreciation in value of our investments and all known doubtful debts and contingencies.

It is proposed that a sum of \$4 millions should again be written off Bank Premises and, after allowing for this transfer and the interim dividend of 2.2 per cent, the directors recommend the payment of a final dividend of 2.3 per share leaving a balance of just over \$11 millions to be carried forward to next year.

Turning to our balance sheet, it will be seen that the total of our liabilities has remained virtually unchanged; a small increase in Current, Deposit and Other Accounts having been offset by a slight decrease in the total of Acceptances on behalf of Customers. In the connection arrangements were completed during the year for the establishment of a separate trust to administer the Staff Retirement Scheme and the funds of this scheme, which were previously included among the Current, Deposit and Other Accounts, were transferred to the trust during the year.

## INVESTMENTS FALL

On the Assets side of the balance sheet the main changes are increases of \$144 millions in Advances to Customers and Other Accounts and of \$30 millions in Trade Bills Discounted. As a result of the larger facilities granted to our constituents, the total cash, call money and government treasury bills has decreased by just over \$105 millions. Investments have also fallen by \$68 millions due partly to the drop in the market value of British Government securities but also as a result of sales of investments in the United Kingdom in connection with the transfer of the funds of the Staff Retirement Scheme to the separate trust to which I have already referred.

The investment in an Associated Company, which is a new item in the balance sheet, represents our one-third interest in Bowmaker (C.A.) (Private) Limited in which we are equal shareholders with Bowmaker Limited and Tozer, Kemsley and Millbourn Limited. This Company was incorporated on May 29, 1956 to trade in Rhodesia and Nyasaland but for the present it will be mainly concerned with the granting of hire-purchase facilities in these territories.

## CREDIT SQUEEZE

These are the main changes in our balance sheet but I should like to say a little more about the rise in advances and trade bills which, as you have seen, has resulted in a drop in the total of cash, call money and government treasury bills. This rise is to a large extent due to the growing industrial and commercial expansion in Southeast Asia but that is not the only reason. It was until the end of 1955 that the credit squeeze in the United Kingdom began to make itself felt in the eastern territories in which we operate, but during 1956 the shortage of credit to a greater or lesser degree became a matter of increasing concern to merchants and bankers alike. This was aggravated in our case by the fact that some concerns which had previously obtained a large part of their finance in London now turned to us, while on the other side, depositors took advantage of the high rates obtainable in the United Kingdom to transfer some of their funds there.

Governments also were not slow to follow suit and as a result the banking system in a number of territories was deprived of substantial sums in the time when the demand for advances, mainly for productive purposes, was very active. Even from a purely revenue producing angle I wonder whether this action was wise. Has not the lure of higher interest rates caused them to lose sight of the increased revenue that would have accrued to them through taxation had the funds been

available for local development? For the future growth of these territories an over-investment of government funds abroad must result in a swelling down of the funds available for the banking system of what is almost its life-blood.

## UNPLEASANT TASK

I am afraid that as a result of the increasing demand for credit the standing of the borrower and the security offered are not the only considerations which have to be taken into account by our managers when approached for new facilities. The necessity to turn away business, which at other times would be most suitable, has, I am afraid, been forced on bankers in many parts of the world and we could hardly expect to escape. Nevertheless it is not a pleasant task and I hope that many of you in this room will realise — to quote a saying from our school days — "that it hurts me more than it hurts you."

In the interests of depositors and shareholders alike it would be most imprudent not to maintain a suitable degree of liquidity and, spread as our activities are over so many territories, this liquidity should, in our opinion, be higher than may be considered necessary by bankers whose interests are mainly confined to one single country. At December 31, 1956 the ratio of the Bank's readily realisable assets to its total liabilities was just under 45% and while your directors are satisfied that this is a safe margin, the drop over the last few years is a reminder that our ability to finance the capital and current requirements of our customers and friends must of necessity have some limitation.

## STEADY PROGRESS

The printed statement which is in your hands deals as usual with the political and economic situation in the Asian countries in which we are represented. We have tried in this statement to pick out the main developments which we thought would be of interest to shareholders but with the increasing activity that is taking place in all these territories, a great deal must of necessity be left out. On the whole the year was one of steady progress with an improvement in trade and yet the results, which would have been even better if it were not for a series of unfortunate losses which we suffered in Calcutta.

Since the time of the formation of the Bank the shareholders have been largely in the event of the Bank being dissolved, for the full amount of the notes issued by the Bank; and have also been liable to contribute to the Bank's debts to the extent of the nominal value of each share. At that time such a liability was a heavy burden on the shoulders of the holders of a new bank in the Colonies in order to afford protection to the holders of notes and to the depositors. The growth of banks since then has made such a protection unnecessary and recently in a number of instances arrangements have been made to do away with such a liability. In our case an amendment of the Ordinance is necessary and we have recently made representations to the government that this should be done.

In fact, although there is provision for a small liability of under \$7 millions, the note issue is fully covered by Certificates of Indebtedness and approved securities, while the depositors are protected by the very substantial reserves which have been built up. I should like to take this opportunity of expressing our thanks to the Chief Manager, the Branch Managers and all our staff for their loyalty and efficient service to the Bank during the year.

## THE IDEAL

As a member who has had personal dealings with the Bank for over 50 years, it is with pleasure I support the adoption of the Report and Statement of Accounts as presented, and am confident everyone in this room will join me in congratulating the administration on the admirable statement placed before us.

While a large profit is gratifying to shareholders, a matter of greater importance to my mind is the financial strength of a banking institution and here we have the ideal, great financial strength and, satisfying profit, I venture to state there are few

corporations in the enviable position of possessing a Reserve Fund over five times greater than its issued Capital.

In this connection your announcement, Mr. Chairman, that applications for being made to the government to relieve us from maintaining the Reserve Liability of Members is a step which we welcome. In the early years of the Bank's existence this protection for creditors may have been necessary. Today, the position is entirely changed and creditors are fully protected and depositors regard the Bank's name as sufficient guarantee for the safety of their funds.

## PAST SURVEYED

The Chairman's statement makes reference to the restriction of credit and I think it is useful to survey the past and learn what happens when generous facilities are granted, and unforeseen circumstances arise.

In 1925 and previous years, shares could be bought and sold forward without putting up margin. Shortly before the June settlement day a general strike was called and business in the Colony brought to a standstill. The June settlement could not be put through, and share brokers were faced with the impossible task of trying to discharge their liabilities without being able to collect amounts due. This situation is unlikely to recur in the share market as business is now transacted upon a cash basis, and the market is now a realistic share prices was checked by restricting credit. I think the general strike of 1925 was the greatest financial shock the Colony suffered in its peaceful time during the past 35 years.

I formally second your proposal, Mr. Chairman, I should like to associate myself with your praise of the staff, and to add that we have been singularly fortunate in our chief managers and senior executives to whom we owe much of our success in this great institution occupies and of which Hongkong is so justly proud.

The report and accounts were unanimously adopted. On the proposition of Mr. A. Semmell, seconded by Mr. Shun Wai-yu, three retiring Directors, Messrs B. T. Flanagan, H. D. M. Barton and R. J. Sheppard, were re-elected Directors. Messrs Peat, Marwick, Mitchell & Co., and Messrs Lowe, Bingham & Co., were re-appointed auditors on the proposition of Mr. Lam Choon-cheong, seconded by Mr. D. E. Clark.

# Mail Notices

The latest times of posting shown below are those for unregistered correspondence posted by post. Registered mail, in general, is earlier than the ordinary mail, and is subject to enquiry at the local office. The latest posting times for registered mail are shown below. Particulars regarding registered mail can be obtained by enquiry at any post office.

FRIDAY, MARCH 15  
By Air  
Formosa, U.S.A., 6 p.m.  
Hawaii, U.S.A., 6 p.m.  
Thailand, Indo China, Middle East, Africa, Great Britain, Europe, 6 p.m.  
Japan, 6 p.m.  
By Surface  
Malaya, Indonesia, 4 p.m.  
Australia, New Zealand, 6 p.m.  
SUNDAY, MARCH 16  
By Air  
Peking, Shanghai, Hankow, Kanton, Hong Kong, 6 p.m.  
Thailand, Malaya, North Borneo, Indonesia, Australia, New Zealand, Ceylon, 10 a.m.  
By Surface  
Philippines, 1 p.m.  
Thailand, India, Middle East, Africa, Great Britain, Europe, 6 p.m.  
Korea, 6 p.m.  
Zanzibar, Indonesia, Australia, New Zealand, 6 p.m.  
Hawaii, U.S.A., Canada, 6 p.m.  
India, China, 6 p.m.  
Formosa, Japan, Okinawa, 6 p.m.  
China, Peking, Shanghai, 7 a.m.  
Thailand, 10 a.m.  
Malaya, Indonesia, 4 p.m.  
Australia, New Zealand, 6 p.m.  
SUNDAY, MARCH 17  
By Air  
Philippines, 2 p.m.  
Thailand, India, Middle East, Africa, Great Britain, Europe, 6 p.m.  
Korea, 6 p.m.  
Zanzibar, Indonesia, Australia, New Zealand, 6 p.m.  
Hawaii, U.S.A., Canada, 6 p.m.  
India, China, 6 p.m.  
Formosa, Japan, Okinawa, 6 p.m.  
China, Peking, Shanghai, 7 a.m.  
Thailand, 10 a.m.  
Malaya, Indonesia, 4 p.m.  
Australia, New Zealand, 6 p.m.



## CHINA MAIL

HONGKONG  
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Price, 20 cents per copy.  
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Subscription: \$4.00 per month.  
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**"Bayer's"  
TONIC**  
BAYER  
Four Japanese educational  
films will be shown at the in-  
ternational technical film festi-  
val in Rome May 2.  
The films selected are: "The  
Sun and Radio Waves," "Weld-  
ing," "High Blood Pressure,"  
and "The Functions of the Eye."  
—Reuters.

**THE INSURANCE COMPANY  
OF NORTH AMERICA**  
Founded 1792  
announces the appointment of  
**MR. JAMES L. FAGAN**  
Manager for the Orient  
replacing  
Mr. William A. Carr,  
who is presently at Head Office  
of the Company

# NYLON NETS HELP CUT USAF TOLL

## Less Deaths Thanks To Safety Devices

Wiesbaden, Mar. 14.  
Nylon nets and other safety devices have  
helped to cut the death rate of American Air Force  
pilots in Europe by more than one third.

Figures issued here by the  
headquarters of the United  
States Air Force in Europe,  
which includes North Africa,  
show that the death rate of  
pilots through accidents was  
reduced by 30 per cent in 1956  
compared with the previous  
year. The rate of aircraft losses  
through accidents dropped by  
26 per cent, and the overall  
accident rate was cut by 14  
per cent.

Behind these figures stands a  
big, ever-ready rescue and  
detection system—and the  
nylon nets. These are stretched  
across the ends of runways so  
that they break overshooting  
aircraft, saving the machines  
from destruction and the pilot  
from death.

### Action In 60 Seconds

The crash organisation moves  
into action within 60 seconds of  
an accident being reported.  
Emergency squads of firemen,  
rescuers, medical staff and air  
police stand by at all hours.

Within the next five minutes  
of their departure to the scene  
of a crash, chaplains, claims and  
press officers, investigators and  
more air police are also on their  
way.

While firemen and rescue  
crews get to work, police seal  
off the area so that investigators  
can start on the task of dis-  
covering the reason for the  
accident. Working at top speed  
because they may find that it  
was caused by a fault which is  
developing in other aircraft of  
the same type and age, they  
comb the crash area, retrieving  
all the fragments. These are  
rushed to Air Force laboratories,  
where they are photographed  
and examined.

By this teamwork, the reason  
for 80 per cent of all crashes  
can be found. The others are  
usually cases of an aircraft  
vanishing, for example, over the  
sea without giving any radio  
signal of a crash in which the  
relevant parts of the wreckage  
are completely smashed.

Captain Arthur Young, who  
comes from 6205 Centre, Des  
Moines, Iowa, and who is the  
flying safety officer of the  
American Twelfth Air Force,  
said: "On most crashes we can  
learn what happened in the final  
moments. But it is an amazing  
work and means fitting all the  
pieces together, like a jigsaw."

## Menon Holds Good Lead

Bombay, Mar. 14.  
Mr. V. K. Krishna Menon,  
Indian Minister without por-  
folio, tonight held a comfort-  
able lead over his opponent  
after the first day of counting  
ballots in Menon's North Bom-  
bay city constituency.  
Menon had 104,732 votes  
against 81,001 for Praja Social-  
ist Party candidate, Peter  
Alvaraz.

In Kerala State, South India,  
the Congress Party were 12 be-  
hind the Communists, who  
needed only 15 more seats to  
secure an absolute majority in  
the 126-member State Legisla-  
ture.

According to the latest tally,  
the Communists had secured 49  
seats to the Congress Party's 37,  
and the Praja Socialists have  
so far secured eight seats. —  
France-Press & Reuter.

Tokyo, Mar. 14.  
Four Japanese educational  
films will be shown at the in-  
ternational technical film festi-  
val in Rome May 2.  
The films selected are: "The  
Sun and Radio Waves," "Weld-  
ing," "High Blood Pressure,"  
and "The Functions of the Eye."  
—Reuters.

# UNUSUAL DESIGN FOR CAR



## Beach Find Starts New Diamond Rush

Capetown, Mar. 14.  
**FORTUNE-HUNTERS**  
from all parts of the  
world are converging on  
a 150-mile stretch of  
sand dunes and desolate  
scrubland in South  
Africa to search for  
diamonds.

A suspected diamond field, 250  
miles north of Capetown, may  
be worth millions. Already  
valuable stones have been,  
literally, scraped from the beach  
in an area between Springbok  
and Van Rhyndersburg.

One prospector digging only  
50 yards from the sea, recovered  
diamonds worth £3,000 from  
one pit.

### PRICES SOAR

Ramshackle wood and iron  
shanties have sprung up along  
the sand dunes. The men who  
live in them have trophies of a  
fortnight's digging—flawless blue  
and white stones of a carat or  
more in weight.

Property is at a premium. One  
farm owner wants £60,000 for  
options on his property.

A significant fact to the pros-  
pectors is that the first diamonds  
were found near a "vein" of  
oyster shells about four feet  
down. Similar traces of oyster  
beds were found close to the  
diamond-yielding strata in the  
Alexander Bay area.

The real wealth of the area is  
expected to be uncovered in ex-  
cavations several miles inland.

New York, Mar. 14.

Police searched the New York  
Stock Exchange for a bomb to-  
day, while activity continued on  
the trading floor—but no bomb  
was found.

Police—unknown to the  
traders—followed up a telephone  
call from a woman who said  
her husband was going to place  
a bomb in the Exchange Build-  
ing.

A bomb explosion outside  
the Stock Exchange on Septem-  
ber 16, 1920, killed 30 people,  
injured 100 and caused  
\$2,000,000 damage.—China Mail  
Special.

One of the items to be seen  
at this year's Italian Car  
Show in Rome—the 600  
multiple 'Splagetta', designed  
by Michelotti for the Vignale  
Company. Looks just the  
thing for a sunny climate.—  
Express Photo.

## NYE GOING TO INDIA

London, Mar. 14.  
Mr. Aneurin Bevan, foreign  
policy spokesman for the Brit-  
ish Labour Party, will leave  
London for New Delhi at the  
end of the week. It was learn-  
ed in the House of Commons  
today.

Bevan will make his visit to  
India at the invitation of the  
Indian Government.

After visiting India, Bevan  
will go to Pakistan. It was  
considered possible that he  
would also visit several Middle  
Eastern countries, particularly  
Iraq and Israel.—France-Press.

London, Mar. 14.  
John Middleton Murry, 67,  
British author and critic and  
former editor of the Pacific  
Journal Peace News, died yester-  
day.—United Press.

# BARCELONA POLICE HOPE TO ARREST CATALAN TERRORIST

Madrid, Mar. 14.

Francisco Sabater, a Catalan terrorist,  
who has been wanted by the police ever  
since 1946, is expected soon to fall in the  
hands of the Barcelona police.

A long list of charges against  
him includes the murder of four  
police inspectors, Don Osvaldo  
Blanco, Don Antonio Juanes,  
Don Jose Gomez de Leaza and  
Don Luis Maria Garcia Dugas,  
who were shot dead during  
encounters with Sabater and his  
gang.

Sabater, who is 43, was born  
at Hospitalet de Llobregat, a  
village near Barcelona. The  
son of a municipal guard, who  
has now retired on a pension,  
he was one of five brothers,  
three of whom, Francisco, Jose  
and Manuel, became terrorists.  
Jose was shot a few years ago  
in an incident with the police,  
and Manuel was sentenced to  
death and executed. The other  
two brothers are decent, hard-  
working men.

### ANARCHIST GROUP

Francisco Sabater was only 10  
when he became a member of  
the local anarchist group at  
Hospitalet. According to police  
records, he served with the  
Republican Army in the Civil  
War (1936-39), during which  
he stole a military truck, and  
was later arrested for this  
offence and sent to prison at  
Vich. He somehow succeeded  
in getting a gun smuggled into  
his cell, threatened two wardens  
with it, forcing them to show  
him the way out of the prison,  
and escaped.

After the Civil War, Francisco,  
with his brothers Jose and  
Manuel and thousands of other  
refugees, crossed into France  
and became expert at smuggling  
himself between the two  
countries. In 1940, he even  
visited Hospitalet, near Bar-  
celona, carried out two hold-ups  
against two shopkeepers there  
and made off with about 50,000  
pesetas (about £500). Back in  
France, with his brothers Jose  
and Manuel and a fellow-  
gangster named Carlos Vidal  
Fasanau, he raided a chemical  
factory at Lyons where a French

gendarme was shot dead.  
Arrested with his accomplices,  
Francisco Sabater spent some  
time in prison, but was later set  
at provisional liberty, and went  
to live at Grenoble.

### MONTHS PAST

Some months passed without  
news of him and the Spanish  
police began to think that he  
had given up crime and was  
living quietly somewhere in  
France. Then, he smuggled  
himself into Spain again, this  
time as a member of a gang led  
by Pedro Mateu, one of the two  
men who assassinated the then  
Spanish Prime Minister, Don  
Eduardo Dato, in Madrid in  
1921. Mateu and another man,  
named Nicolau, fled to France  
and Germany, but were ca-  
trighted and tried in Spain for  
the murder of Senator Dato. They  
were serving a life imprison-  
ment when the Spanish Republic  
was established in 1931, but  
benefited from an amnesty and  
were released.

The gang led by Mateu and  
or which Sabater had become  
a member, committed a long  
series of crimes, which was to  
have culminated, according to  
the Barcelona police, in the  
assassination of the Chief of the  
Police Political Brigade of Bar-  
celona on March 2, 1949. By  
some coincidence however, a  
motorcar of the same make and  
a similar registration number,  
passed along the route about the  
time that the police chief's car  
was due.

From their place of hiding,  
Sabater and his men opened fire  
on the car, two of whose occu-  
pants were killed and another  
seriously injured. Sabater and  
his men disappeared thinking  
that they had done their job.

### ARMS DEPOT

Although Sabater was known  
to move about the town as  
nearly as any ordinary citizen  
and he would even enter cafes  
and bars for a quiet drink or  
two, the police at that time had  
not been able to get a photo-  
graph of him.

He would carry a veritable  
arms depot on him—there was  
a gun in each of his overcoat  
pockets, and hand-grenades in  
his trouser pockets.  
At last, while searching a  
small farm on the Spanish side  
of the Pyrenees, the police found  
a quantity of arms and am-  
munition as well as a passport  
with a photograph and descrip-  
tion of Sabater.

Now, almost every member of  
the eleven gangs to which he  
has belonged, has fallen into the  
hands of the police except  
one, a man named Ramon  
Amado Vallada, better known  
by his nickname of "El  
Asturiano" ("The Asturian").  
One charge which the police  
have against him is the murder  
of a two-year-old boy whom he  
kidnapped and held to ransom.  
He demanded a sum of money  
from the boy's parents, but  
when the latter failed to turn up  
with the money within the  
prescribed time, El Asturiano  
cut the boy's throat.

### WORKING ALONE

Francisco Sabater is believed  
now to be working alone, with-  
out money, arms or accomplices.  
The French police as well as  
the Spanish police are looking  
for him because he is wanted by  
the Criminal Court of Lyons for  
failing to appear at the end of  
his period of provisional liberty.

The search for him has recent-  
ly been intensified throughout  
the Catalan region and neigh-  
bouring frontier towns and  
police hope to be able to arrest  
him soon and so end their eleven-  
year-old nightmare. — China  
Mail Special.

## Protection For Egypt Evacuees

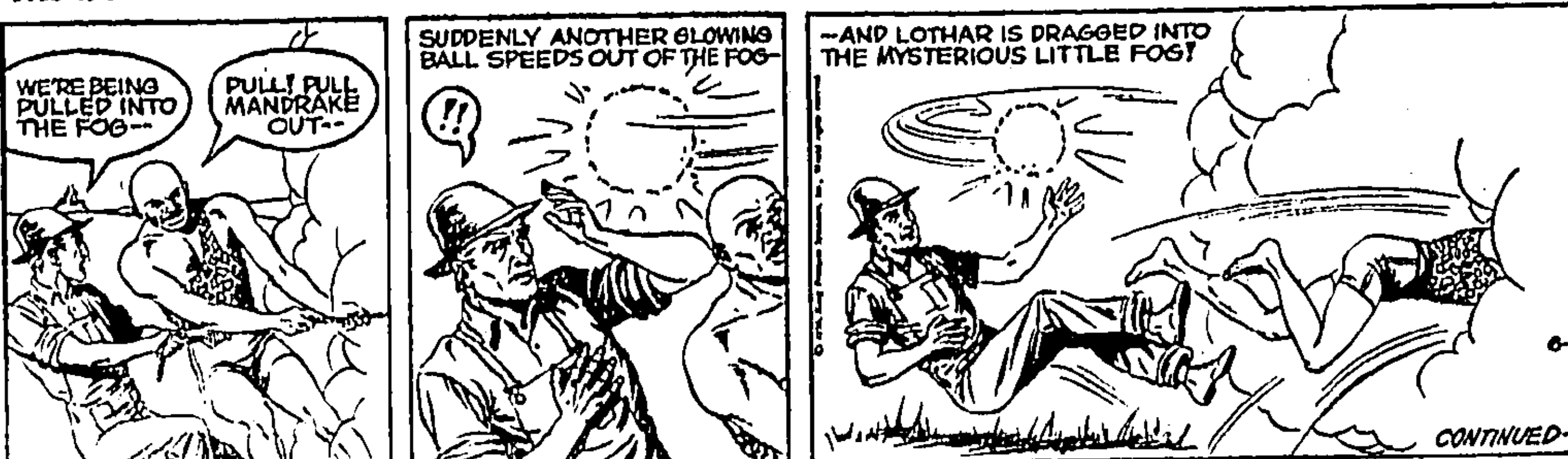
London, Mar. 14.

Britain today tightened re-  
strictions on dealings in securi-  
ties held by Egyptians to pro-  
tect evacuees from Egypt whose  
securities have been taken over  
by the Egyptian authorities.

In an announcement today the  
Treasury said that as from to-  
morrow general exchange con-  
trol provisions will be revoked  
as regards securities transactions  
of all kinds where these are to  
be effected by or on behalf of  
residents of the Egyptian monar-  
chy area.  
The effect of the new con-  
trols is to prevent dealings  
without the consent of the true  
owner, in securities held in  
Egyptian names.  
Later, a Treasury spokesman  
emphasized that the new mea-  
sure was entirely "protective."  
—China Mail Special.

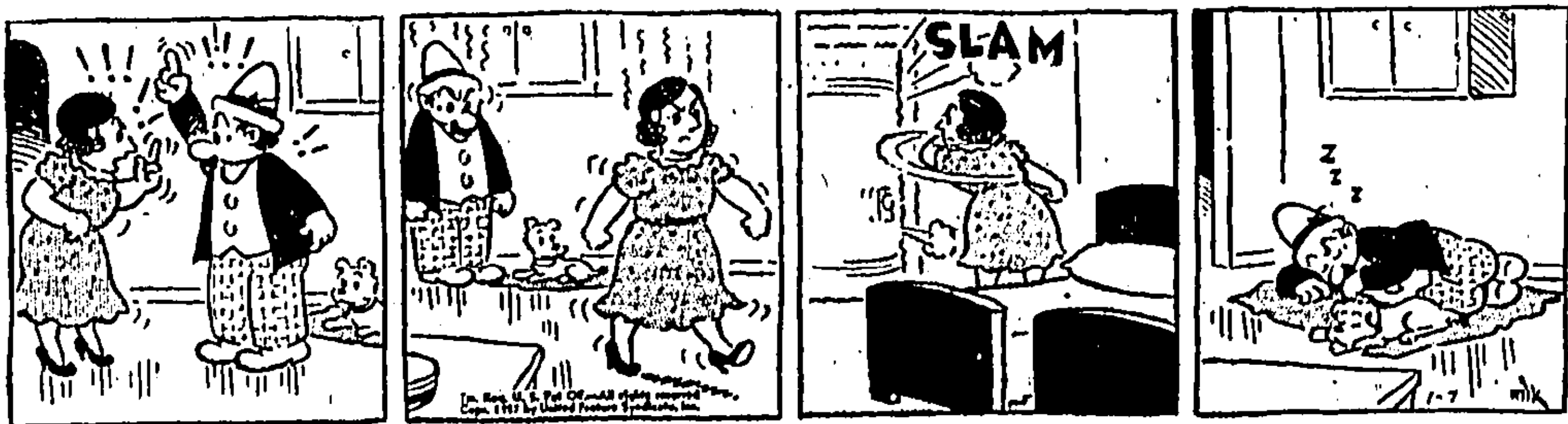
## MANDRAKE THE MAGICIAN

By Lee Falk and Phil Davis



## FERD'NAND

By Mik



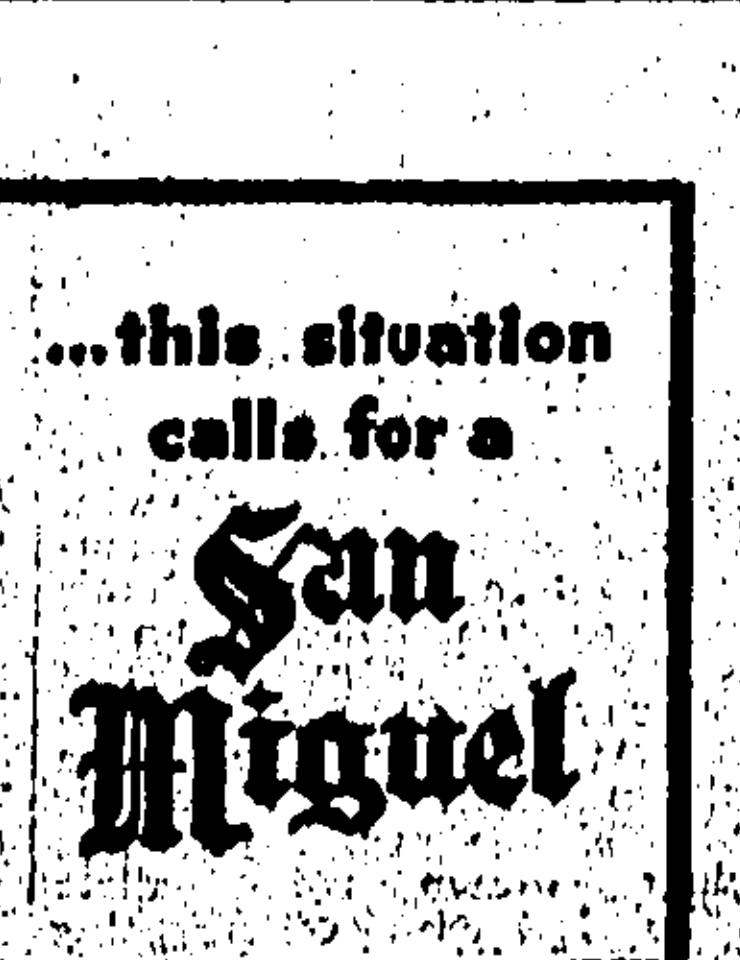
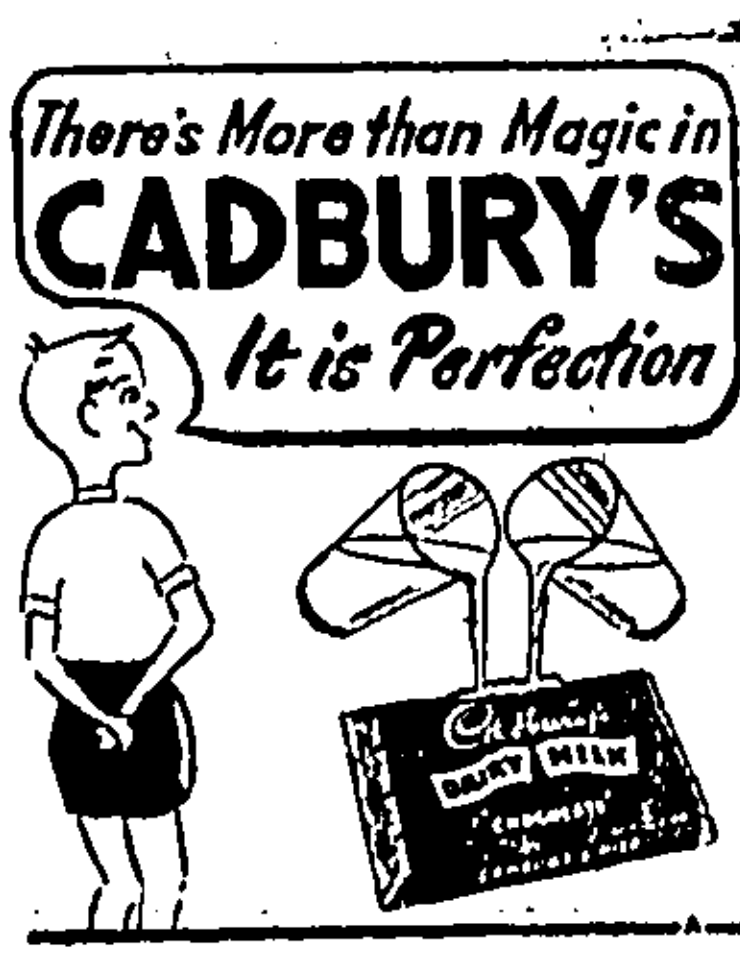
## NANCY

By Ernie Bushmiller



## JOHNNY HAZARD

By Frank Robbins





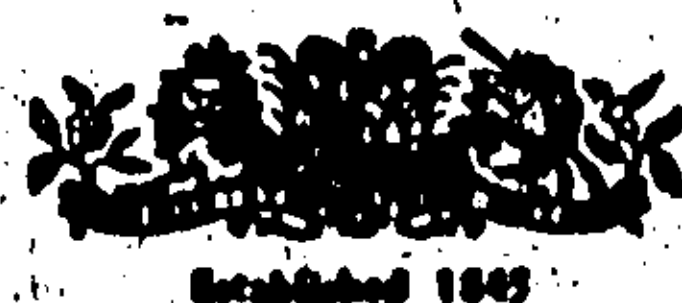




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# CHINA MAIL



Page 12

FRIDAY, MARCH 15, 1957.

NEW!  
**SHEAFFERS**  
Feathertouch  
BALLPOINT

## JOHN CLARKE'S CASEBOOK

### The Long Short Cut

FRED is a labourer, and he labours to such good effect that his earnings are in the neighbourhood of £1,000 a year. He is a streamlined, modern working man, a bachelor of 26, with a pleasant manner and modest tastes.

He lives in Southwark and when he wants a night out he comes to the inns and taverns in the West End.

He spent a recent evening at the West End, and when closing time was called at last, he decided to try a short cut home.

LOST

A LONG evening propping up bars has never been reckoned ideal training for journeys of exploration, and before very long Fred was well and truly lost, somewhere around Grays Inn Road.

Instantly told him that with each step he took he was getting more lost, so he came to a halt and stood in a quiet street waiting for inspiration. There were cars parked along the street and in the shadows, there were two policemen. They watched Fred for 10 minutes then arrested him as a suspected person loitering with intent to steal from the cars.

WHITE LIE  
At the Clerkenwell court, Fred pleaded not guilty. His counsel put him into the witness-box to tell his side of the story.

"When the police came up," he said, "they told me to move and I said I'd stay where I was as long as I wanted. Then they said they were going to charge me. But on the way to the station, one said, 'If you'd said you were waiting for a girl or something, we'd not have charged you.'"

"So naturally," Fred went on, "I said, 'Well, as a matter of fact, waiting for a girl's exactly what I was doing.' But the white lie had been told too late.

"I'm not convinced beyond all doubt that he intended to steal," said the magistrate, who had been told of Fred's work record and income. "This case is dismissed."

Curly Fred nodded, then hurried away to the building-site where he worked, keeping to the main roads. Short cuts became expensive when you had to employ counsel to get you out of them into the clear.

### Liberation Mission

New York, Mar. 14. Anna Kathly, former Minister of State in the short-lived Hun-  
garian Government of Imre Nagy, today announced the formation of a free Hungarian organisation to liberate the Hungarian people from Communist domination. — France-Press.

### PART FACT... PART FANCY

HOLLYWOOD  
**Vette**

Her secret...  
is your secret of  
the gentle, high-  
bosom look!

The inch-adding foam  
rubber is stitched  
right in to give you  
now curves, new con-  
fidence... with com-  
fort and grace.

exclusively at  
**MODE ELITE**  
Top High Fashion  
HOUSE for BETTER  
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Tel.: 24052.

**JUST UNPACKED NEW DRESSES,  
HATS, BAGS FROM PARIS BY P.A.A.**

Printed and published by ROSE GORDON-HUTCHINSON for and on behalf of South China Morning Post Limited at 1-3 Wyndham Street, City of Victoria in the Colony of Hongkong.

## UN PRESIDENT PASSES THROUGH COLONY

Prince Wan Wai Thayan, Thailand's Foreign Minister and President of the United Nations General Assembly, said today: "I am extremely hopeful that there will be a successful outcome in the present negotiations on the Middle East problem."

The Prince, accompanied by his wife, arrived from New

York by FAA early this morning on a transit flight home. He left after a three-hour stopover at the airport.

Meeting him at Kai Tak were Mr. Charat Chaloeprapant, Thai Consul General, and Mr. R. D. Edwards, Political Adviser to the Hong Kong Government.

In an interview with the press at the airport, Prince Wan said the prospect of peace in the near future is

"good according to the framework of events."

In the case of the Middle East, he said there was now a ceasefire and a complete withdrawal. However, he emphasised that the work was now different and more delicate and the negotiations would take a long time to settle.

"The negotiations are entrusted to our Secretary-General who has shown outstanding ability in dealing with the problem so far," he said.

He asked for the help of the press as the "Moral Force of the world will be required to support the moral authority of the United Nations General Assembly" to make these negotiations successful.

Prince Wan said he did not foresee any change in Thailand's policy towards Communist China.

"Even with the new government being formed in Thailand, the policies of the two parties are the same, that is

to say, we are with the free democracies of the world," he said.

Regarding trade with Communist China, Prince Wan said Thailand was on the same basis as Japan. "We do not deal in strategic goods with Communist China."

About communism, Prince Wan said that it was still a menace in this part of the world, but now, there was more danger of subversive activities than in aggression.

## ELEVEN RIOTERS GAOLED

### SENTENCES OF TWO TO FOUR YEARS

Mr Justice C. W. Reece today sentenced eleven men to gaol for periods of two to four years. They were found guilty at the Criminal Sessions on March 5 of taking part in the Tsun Wan riots last October.

The original 19 accused were Wong Shek-chun, Leung Yui, Chong Shek-shan, Lau Wai-keung, Yuen Wing-sum, Ko Pul-kong, Yiu Chung-fai, Chung Yuen-pak, Lam Pui-tao, Mau Man-cheung, Cheung Yiu-yin, Leung Chee-hung, Yip Kam-hung, Chiu Sung-foon, Chong Tung, Leung Chung, Tsang Yiu-man, Chiu Noi and Chan Sei-hung.

Six of them were acquitted. They were the seventh, 12th, 14th, 16th, 18th and 19th accused.

### Two Remanded

This morning, Mr Justice Reece remanded the ninth and 10th accused, pending a report from the Commissioner of Prisons as to their suitability for admission to a training centre.

After hearing mitigation pleas by Mr V. L. J. D'Alton Defence Counsel, the Judge sent the 17th accused to prison for four years.

His Lordship said the part that accused played in the riots was more serious than the rest. The evidence against him, he said, was that not only did he destroy property, but he incited others to attack an official of the factory where he worked.

Mr Justice Reece went on to say it was all very well for Defence Counsel to say that justice had been vindicated by the fact that the accused had been convicted. But, he said, there was another side of the matter: people who committed crimes must be punished accordingly, and in a way which would deter others.

"I cannot allow my sentiment to get the better of my judgment," His Lordship added.

The Judge allowed this particular sentence to be dated as from the day of the opening of the February Assizes.

In sentencing the first, second, fifth, eighth and 11th accused to three years each, Mr Justice Reece said that having regard to the evidence against them, he did not think that the punishment for them should be in the form of a training centre.

His Lordship sent the third, fourth, sixth, 13th and 15th accused to prison for two years each. He remarked that the part they had played in the disorders was small.

"You did most of the work with your mouth," the Judge added.

Earlier, in mitigation, Mr D'Alton urged the Court either to bind the accused over and free them or to send them to a training centre. They were all very young and it was both in their interests and in the interests of society that they should not be sent to prison to start their adult life among habitual criminals.

The Court, he said, should also take into consideration the fact that the riots were commonly known to have been encouraged by outsiders and that there was an atmosphere of absolute hysteria. The accused in their youth considered themselves as patriots.

Perhaps if a little more tact had been used in holding the flag, all this would not have happened.

### Mercy

As the law had been vindicated by the verdicts of the Jury, the Court should temper justice with mercy in considering sentence, Mr D'Alton said.

He went through the cases of each of the convicted accused. Mr D'Alton said that the first accused was aged 20, but according to a medical report he was 21; the fourth accused aged 18 and his birth certificate proved this, but the medical certificate said he was 19 or 20; the eighth accused was 19, but according to the medical certificate he was 24 and the ninth accused was 18 according to the medical certificate; both the 15th and 17th accused were medically certified to be 23, but they were really 19 and 22 respectively.

Counsel submitted that the rioting outside the Pao Hing factory was the worst and that outside the South Textiles was mild.

Mr D'Alton called the relatives of three accused to give evidence that these were good and industrious boys who worked to support them.

He also called Mr To Ching-sui, assistant manager of the South Textiles, who told the Court he was prepared to re-employ the first, fourth, 13th and 15th accused. He said they had behaved very well in the factory.

The head of the General Affairs Department of the Pao Hing factory, Mr Cheng Yeung-man, said that the eighth accused, behaved well and he would re-employ him "if there is any vacancy."

Mr D. N. F. Ren, Crown Counsel, disclosed that the 17th accused had a previous conviction for theft in 1951 and was sentenced to expulsion.

## MP'S CHARGE IN HOUSE: 'NO SOUND TRADE UNIONISM IN HONGKONG'

London, Mar. 14.

A Labour member, Mr John Rankin, protested in the House of Commons yesterday that nothing was really being done to form a sound trade union movement in Hongkong.

The result was that wages were "far too low and hours of labour far too long."

## RAN Frigate In Bid To Help Drifting Freighter

Singapore, Mar. 15.

A British freighter, Javanese Prince, is drifting in the South China Sea with its engine out of action 100 miles north-west of Kuching, Sarawak, the Royal Navy announced this morning.

The announcement said that the freighter had requested assistance from the Royal Navy authorities in Singapore and the Australian frigate, HMAS Quickmatch, had been sent to the scene. The frigate was expected to reach the stricken vessel at about 2 p.m. local time today, the announcement added.—France-Press.

## HONGKONG BANK REPORT

(Continued from Page 9)

New York office has naturally benefited from the increasing use of United States dollars in world trade since the war and has greatly extended its operations in recent years.

Our office in France was transferred from Lyons to Paris in 1953 at the time when the economy of Indo-China related to a large extent on trade with France. This is no longer the case and with the dwindling of the traditional business, which had been previously handled, it was necessary to explore other avenues. In this I am glad to say we have been quite successful and I hope that this office will continue to build up satisfactory connections on its own.

Germany's increasing trade has been reflected in the turn-

over of our Hamburg office which continues to prove a most valuable link for our offices in the east.

### The Subsidiaries

To turn to our subsidiaries, the Hongkong and Shanghai Banking Corporation of California has made a good beginning and I hope that it will be able very shortly to contribute to the profits of the bank as a whole. The possibilities in the west coast of America are so extensive that the directors have decided to open also in Los Angeles and permission to do so has recently been obtained from the American authorities.

The three Trustee Companies in Hongkong, London and Singapore continue to expand. These companies are all now self-supporting but apart from this I am sure the service they are able to give indirectly increases the business of the bank.

I hope that these brief comments on some of the Bank's activities, which have not usually been mentioned in these annual statements, will be of interest to shareholders. While the main function of the Bank will continue, I trust, to be the financing of eastern trade, our directors will not be slow in taking advantage of promising openings elsewhere.

### Four Killed

Manila, Mar. 15. Four people, including a child, were killed today when a yellow tribemen in Colabato Province, southern Philippines, yesterday and all because of a tribal custom prohibiting them from holding in public the hands of a native woman.

Investigation disclosed that the assistant, a married man of the Biliran tribe and two of his relatives ran amok after he was fined for holding the hands of another girl.—France-Press.

### Suspects Detained

The Police have detained two Chinese in connection with recent thefts.

In one case, a woman pedestrian had a purse stolen from her in Yu Chai Street, Kowloon, yesterday morning. The other case involved the theft of a briefcase from a private car in Hennessy Road in the evening.

He had earlier asked the Colonial Secretary, Mr Alan Lennox-Boyd, what help was given to encourage and develop the trade union movement in Hongkong.

### Minister Explains

Mr Lennox-Boyd said two officers of the Labour Department were wholly occupied in trade union matters. Guidance on day to day problems of organisation and management was always available.

Education courses for trade union officials were arranged by the Labour Department from time to time and trade unionism was included in the syllabus of the Department.

It was here that Mr Rankin asserted nothing was really being done.

He asked "Why leave the field to two trade unions which are dominated by political parties of opposing concepts, which were the cause of the trouble last October and will be the cause of trouble in the future?"

### Enormous Problems

Mr Profumo replied: "Everything possible is being done but the difficulties are enormous."

He made no further reply when Mr John Panton (Conservative) said "It is a proposal to have the result of higher wages and better working conditions and shorter hours in Hongkong. It would be highly acceptable to the Home Office industry, which would benefit considerably by not being flooded with extraordinarily cheap goods."—Reuter.

### Resignation

Sub-Lieutenant (Sp) F. N. Kent, of the Royal Hongkong Defence Force, has resigned his commission in the Force with the permission of His Excellency the Governor. The resignation became effective on February 20, 1957.

### Tsun Wan Seawall

Government today called tenders for the construction of a seawall at Tsun Wan Reclamation. It will be about 588 ft in length.

### Demolition Plan

Government today called tenders for demolition of the "existing two-storey buildings at Shek Kip Mei Reclamation Estate, Kowloon."

## Still In Hospital WOMAN REMANDED ON MURDER CHARGE

A 35-year-old woman, Ho Sam-mui, of 84 K. Tong Street, first floor, Hunanmen, was this morning remanded three days by Mr. Derek Cunniff at Central Court on a charge of murder.

The defendant is still detained in Queen Mary Hospital. She is alleged to have murdered a Chinese male, Tsun Kam-wah on March 5, in room number 417 of the Good World Hotel, Wanchai Road.

## SIDE GLANCES By Galbraith



"While you're copying those radio recipes, I'll open a can of beans and put on some frozen spinach for dinner!"

## Getting Warmer

"The weather will become warmer this evening," a weather spokesman said today. East easterly winds, fresh in exposed places, are predicted this afternoon. It may rain this evening. The lowest temperature was at midnight—50.2 degrees F.

## 2 Boys Hurt In Street Accidents

Two young boys were injured in separate street accidents yesterday.

A boy, So Yau-shing, 5, of 3, Water Street, ground floor, was knocked down by a motor van in Queen's Road West at 5 p.m. yesterday. He is now detained in Queen Mary Hospital.

Within an hour of the first accident, another Chinese boy was injured when he was knocked down by a taxi in Chatham Road, Kowloon. The boy, Lau Po-yuk, aged 7, of 16 Gillies Road, fifth floor, is receiving treatment at the Kowloon Hospital.

### Radio Hongkong

3.15 p.m. Time for Teen-Agers presented by Elizabeth; 4. Time Signal; Programme Summary; 5.00, Popcorn; 5.30, Asian Club; 6.00, Weather Report; 7. Time Signal; The News; 7.15, Special; 7.30, News; 7.45, Special; 8.00, News; 8.15, Special; 8.30, News; 8.45, Special; 9.00, News; 9.15, Special; 9.30, News; 9.45, Special; 10.00, News; 10.15, Special; 10.30, News; 10.45, Special; 11.00, News; 11.15, Special; 11.30, News; 11.45, Special; 12.00, News; 12.15, Special; 12.30, News; 12.45, Special; 1.00, News; 1.15, Special; 1.30, News; 1.45, Special; 2.00, News; 2.15, Special; 2.30, News; 2.45, Special; 3.00, News; 3.15, Special; 3.30, News; 3.45, Special; 4.00, News; 4.15, Special; 4.30, News; 4.45, Special; 5.00, News; 5.15, Special; 5.30, News; 5.45, Special; 6.00, News; 6.15, Special; 6.30, News; 6.45, Special; 7.00, News; 7.15, Special; 7.30, News; 7.45, Special; 8.00, News; 8.15, Special; 8.30, News; 8.45, Special; 9.00, News; 9.15, Special; 9.30, News; 9.45, Special; 10.00, News; 10.15, Special; 10.30, News; 10.45, Special; 11.00, News; 11.15, Special; 11.30, News; 11.45, Special; 12.00, News; 12.15, Special; 12.30, News; 12.45, Special; 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